

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
DARRELL ISSA, CHAIRMAN



U.S. DEPARTMENT OF VETERANS AFFAIRS
2011 HUMAN RESOURCES CONFERENCES:
A CULTURE OF MISMANAGEMENT AND RECKLESS SPENDING

STAFF REPORT
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
113TH CONGRESS
OCTOBER 30, 2013

I. Table of Contents

I. Table of Contents.....	2
II. Executive Summary	4
III. Table of Names	8
IV. Findings	11
V. Background.....	13
A. VA Office of Inspector General Report	13
B. Committee’s Investigation	14
VI. Failure to Rein in Costs.....	15
A. A Runaway Budget	15
1. “The Money Is Not an Issue”	15
1. The AV Budget.....	18
2. ”We are a Large Agency with Deep Pockets”	22
B. No Final Accounting of Costs.....	30
1. OIG’s Difficulty in Estimating Costs	30
2. The VA Failed to Perform a Final Accounting	32
C. Conference Planning Gone Wild.....	34
1. Marketing.....	35
2. Conference Kick-Off	44
D. Lack of Stewardship of Taxpayer Dollars.....	48
1. Site Visits.....	49
2. Illegal Kickbacks	59
3. Reckless Spending and Jokes about Adding Unnecessary Costs	61
4. Disconnect Between the Purpose of the Conferences and the Money Spent	65
E. Disconnect Between Budget Numbers and Employees’ Views of Cost Savings	76
VII. Damage Control	80
A. VA Developed a Response to a Washington Post Story that Criticized Excessive Conference Spending	80
1. “Ethics on the Links in Orlando”	80
2. VA’s “Talking Points”	81
B. Follow-up Story in the Washington Post Singles Out the VA Conferences	82
1. “What Would Jesus Cut?”	82
2. E-mail Reactions to July 26, 2011 Article.....	82
C. Concerns From a Former Inspector General About Scrutiny	84
D. Conference Photos.....	85
E. Cost Questioning.....	85
1. VA Chief of Staff Questions Conference Costs	86
2. Sepúlveda Failed to Address the Conference Price Tag.....	87
3. “SWOT” Analysis	87
F. VA Response to a Request for Information from the House Committee on Veterans’ Affairs	88
VIII. Have They Learned from Their Mistakes?.....	91
A. VA Responded by Hiring Expensive Contractors to Evaluate Conference Spending ...	92
B. Conference Guidance	93

C.	Disciplinary Action	93
D.	Status of the OIG Recommendations	94
IX.	Lack of Cooperation with Congress	95
X.	Conclusion.....	96

II. Executive Summary

The U.S. Department of Veterans Affairs—the second largest federal agency—is tasked with managing the military benefit system for our nation’s 22.3 million veterans.¹ The Department employs over 300,000 people,² and has a budget which has increased 41 percent since 2009, reaching \$140 billion for fiscal year 2013.³ Despite the size of the Department’s budget and staff, it is plagued with a backlog of veterans’ disability benefits claims, which totaled over 840,000 in May 2013. The House Committee on Veterans’ Affairs has committed significant time and resources to bring greater accountability and oversight to the Department and how it processes the veterans’ claims.

Amidst widespread reports of veterans experiencing long delays in receiving disability benefits,⁴ the Committee on Oversight and Government Reform and the VA Office of Inspector General learned that the Department misspent millions on training conferences. The fact that the VA wasted millions of taxpayer dollars on conferences in Orlando, Florida, at the expense of the Department’s primary mission of assisting veterans, called into question the effectiveness of the Department’s leadership.

In August of 2012, the Committee learned about a series of human resources conferences organized by the VA’s Office of Human Resources. The conferences, entitled “Human Resources Conference 2011: Innovative Solutions for Strategic Workforce,” took place in July and August at the Marriott World Center Resort in Orlando. The pair of conferences, which trained about 1,800 employees, cost taxpayers at least \$6.1 million. The true cost may never be known. The Committee’s investigation has revealed that this massive price tag was the direct result of spending mismanagement, unethical behavior by federal employees, and irresponsible leadership.

The wasteful spending associated with the conferences was strikingly similar to what occurred at the General Services Administration’s 2010 Western Regions Conference in Las Vegas. The now-infamous GSA conference prompted President Obama to issue Executive Order 13589, “Promoting Efficient Spending.” Through the Executive Order, the President emphasized his Administration’s commitment to “cutting waste in Federal Government spending and identifying opportunities to promote efficient and effective spending.”⁵ The President directed all federal agencies to “make all appropriate efforts to conduct business and host or

¹ U.S. Dep’t of Veterans Affairs, Statistics at a Glance, http://www.va.gov/vetdata/docs/Quickfacts/Homepage_slideshow_FINAL.pdf (Feb. 2013).

² VA for Vets, VESO Leadership, <http://vaforvets.va.gov/veso/Pages/VESO-Leadership.aspx> (last visited Oct. 22, 2013) [hereinafter VESO Leadership].

³ Gregg Zoroya, *Veterans Affairs Seeks Budget Increase in 2014 Budget*, USA TODAY, Apr. 5, 2013, available at <http://www.usatoday.com/story/news/nation/2013/04/05/veterans-affairs-budget-increase/2056947/>.

⁴ See, e.g., Steve Vogel, *VA Announces Overtime ‘Surge’ to Battle Disability Claims Backlog*, WASH. POST, May 15, 2013, available at <http://www.washingtonpost.com/blogs/federal-eye/wp/2013/05/15/va-announces-overtime-surge-to-battle-disability-claims-backlog/>.

⁵ E.O. 13589, “Promoting Efficient Spending,” Nov. 9, 2011, <http://www.whitehouse.gov/the-press-office/2011/11/09/executive-order-promoting-efficient-spending>.

sponsor conferences in space controlled by the Federal Government, wherever practicable and cost effective.”⁶

The House of Representatives also passed H.R. 313, the Government Spending Accountability Act of 2013, which caps federal non-military spending on conferences and requires a detailed itemized report of federal conference spending. The bill is designed to ensure that conferences are for training and work purposes, rather than taxpayer-funded vacations. H.R. 313 adds transparency measures and removes loopholes from Executive Order 13589.

The VA conference planners failed to do any of the things that the Executive Order and the Government Spending Accountability Act of 2013 recommended. E-mails obtained by the Committee show that the Department’s conference planners unapologetically and recklessly wasted taxpayer dollars. The Department paid \$50,000 to produce a parody video of the movie *Patton*, \$863 for an employee to operate karaoke equipment, and \$98,000 for promotional items, including notebooks, water bottles, fitness walking kits, and hand sanitizers. Planners proposed using the \$450,000 marketing budget for the conferences—which was set aside to hype the Department and the conferences—to purchase hand clappers, aprons, and umbrellas. None of the marketing expenses had any connection to the stated purpose of the conferences: training the VA’s human resources staff. In fact, conference planners joked about adding flat screen televisions, iPads, iPhones, and Blu-ray players to the collection of promotional items that were provided to attendees. The conference planners also organized gift card giveaways to incentivize government employees to fill out surveys related to their experience at the conferences.

Because there were no budgetary restrictions, the total cost of the conferences grew rapidly. The conference planners were advised not to worry about the escalating costs. When conference planners inquired about the source of the money for the conferences, one senior Department official stated, “[w]e will take care of you . . . you don’t have anything to worry about.”⁷ Another Department official stated that “[w]e are a large agency with deep pockets.”⁸ So conference planners stopped worrying about costs and focused on spending what appeared to them an unlimited budget. The posture of senior VA leadership towards oversight of the conference planning process allowed the planners to ignore basic accounting principles. They guessed at budget figures, inflated expenditures, and purchased unnecessary items. Afterwards, the planners sought bonuses because they believed they saved the Department money during the course of negotiations with the hotel that hosted the conferences.

Conference planners traveled to Nashville, Dallas, and Orlando to scout possible locations for the conferences. During these site visits, VA employees improperly accepted gifts from hotels under consideration to host the conferences, including meals, spa treatments, gift baskets, show tickets, and limousine and helicopter rides. The Office of Inspector General referred one of these employees to the Department of Justice for criminal prosecution. E-mails between and among conference planners show that they viewed and treated the site visits as paid vacations.

⁶ *Id.*

⁷ E-mail from Mary Santiago to Thomas Barritt and Alice Muellerweiss (Aug. 4, 2010).

⁸ E-mail from Annie Spiczak to Thomas Barritt (Oct. 1, 2010).

Conference planners spent a considerable amount of time and energy organizing a pre-conference kick-off. The kick-off was supposed to be a pep rally for the conferences that would raise “hype” among human resources employees.⁹ Because John Sepúlveda, the Assistant Secretary for Human Resources and Administration, considered the kick-off to be a “signature” event,¹⁰ planners saw the kick-off as their opportunity to prove to senior-level Department officials that they could properly manage the upcoming conferences. Ideas for the kick-off were extravagant. At one point, a planner contacted the Washington Redskins to inquire about arranging for the team’s cheerleaders to make an appearance. E-mails show that planning for the kick-off event became so time-consuming that some employees raised concerns that they were unable to complete their regular work.

On July 21, 2011, the *Washington Post* published a story that criticized federal agency conference spending.¹¹ Immediately thereafter, John Sepúlveda instructed VA employees to write a set of talking points to justify the two conferences in the event that questions arose about conference expenses. Talking points were quickly drafted and prepared. These points focused on the training purpose of the conferences and cost-saving measures taken by the Department, including the decision to hold the conference in Orlando as opposed to a more exotic location. The talking points even claimed that the conferences would train 75 percent of VA human resources personnel. In fact, the conferences trained about 1,800 employees—only 45 percent of the VA’s nearly 4,000 HR professionals. Conference planners did not primarily focus their planning resources on the purpose of the conferences, which was to train employees. E-mails revealed that planners prioritized the organization of social events instead. Further, the talking points failed to mention that the lack of a budget had resulted in severe financial mismanagement.

After the *Washington Post* published a follow-up article on conference spending that included details about the VA’s conferences, e-mails between and among conference planners show that they were irritated by the scrutiny. They believed the negative press was misguided.

Although the primary purpose of the conferences was to train employees, conference planners spent a considerable amount of time planning nightly entertainment activities at the lavish Orlando Marriott World Center Resort. Each evening during the conference, Department employees had their choice of attending a wide array of extracurricular activities. Attendees could choose to take a trip to Downtown Disney or Universal Studios, or attend a karaoke night, “Oldies” themed dance party, or game nights held at the Orlando Marriott.

Because there was not a firm budget and expense records were not maintained, the Department was unable to do a final accounting of the total cost of the conferences. The Office of Inspector General was able to identify at least \$6.1 million in costs, but the IG suspected the actual figure was much higher. The OIG’s report offered the Department a blueprint going forward on future conference planning by providing 49 recommendations to strengthen the planning and execution processes. Despite the IG’s thorough review and robust set of

⁹ E-mail from Rita Treadwell to Jeremy Wheeler (Apr. 28, 2011).

¹⁰ E-mail from Jolisa Dudley to Andre Joaquin Castillo (May 17, 2011).

¹¹ Al Kamen, *Ethics on the Links in Orlando*, WASH. POST, July 21, 2011.

recommendations, the Department contracted for two additional external reviews of the conferences. These additional reviews cost taxpayers almost \$400,000.

It is well known that the Department is struggling to address an endless massive backlog of disability claims. The VA's primary mission is to serve the nation's veterans in the most efficient manner possible. Any money wasted on events unrelated to that mission does a disservice to the veterans that the VA is meant to serve. The Committee's investigation of the Orlando conferences revealed a culture of willful waste at the Department and widespread disregard for how taxpayer dollars are spent. Although it is necessary for federal agencies to train employees in some cases, extravagant spending for that purpose in an era of huge budget deficits and an ever-increasing national debt is unacceptable. Like the General Services Administration's now-infamous conference in Las Vegas conference, the VA's Orlando conferences represent federal largesse run amok. Taxpayers deserve better. And even more so, veterans deserve to know that the VA is doing everything it can to provide crucial services. The Committee's investigation showed that it is not.

III. Table of Names

Eric Shinseki

Secretary, Department of Veterans Affairs

Eric Shinseki was nominated by the President and confirmed by the U.S. Senate on January 20, 2009 to serve as the seventh Secretary of Veterans Affairs. Secretary Shinseki's Chief of Staff, John Gingrich, approved the initial proposal to host several human resources training conferences during 2011. Secretary Shinseki personally committed to Chairman Issa to cooperate fully with the Committee's investigation into the conferences. Despite that commitment, the Chairman was forced to issue a subpoena to obtain relevant documents.

John Gingrich

Chief of Staff, Department of Veterans Affairs

John Gingrich served as Chief of Staff for the Department of Veterans Affairs from January 2009 until his retirement in March 2013. He approved the idea to hold human resources training conferences in fiscal year 2011 as well as the initial cost figure for the conferences.

John Sepúlveda

Assistant Secretary for Human Resources and Administration, Department of Veterans Affairs

John Sepúlveda was confirmed by the U.S. Senate as the Assistant Secretary for Human Resources and Administration in May 2009. He oversaw the Department's human resources managers and staff. He failed to properly oversee many aspects of the conference planning process most notably expenditures. Sepúlveda resigned from his position on September 30, 2012, and is currently not working in government.

VA Office of Human Resources Management

Tonya Deanes

Deputy Assistant Secretary

Tonya Deanes oversaw the Department's human resources programs, practices, and regulations. During the conference planning process, she delegated her oversight duties to two lower-level Department employees and failed to properly monitor conference expenses. In the aftermath of the conferences, she was initially reassigned to other duties within the Department, and eventually resigned. Deanes currently works at the Department of Energy.

Thomas Barritt

Special Assistant to the Deputy Assistant Secretary

Thomas Barritt has served as the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management since July 2008. Tonya Deanes authorized Barritt to serve as a co-leader for conference planning. Along with fellow conference planners, he played

a role in the Department's purchase of wasteful promotional products and did not ensure that a detailed conference budget was created. He has since retired from the Department.

Jolisa Dudley

Executive Assistant to the Deputy Assistant Secretary

Jolisa Dudley has served as the Executive Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management since September 2008. Tonya Deanes authorized Dudley to serve as a co-leader with Thomas Barritt for conference planning. She helped to plan the pre-conference kick-off event and participated in site visits.

Raquel Thomas

Marketing and Recruitment Outreach Consultant

Raquel Thomas was the Marketing and Recruitment Outreach Consultant with the Office of Human Resources Management. She played a role in brainstorming ideas for conference promotional products. She also helped to plan the pre-conference kick-off event.

Tarik Pierce

Curriculum and Competency Manager

Tarik Pierce was a Curriculum and Competency Manager with the Office of Human Resources Management. He assisted in planning nightly extracurricular activities for conference attendees, including game and karaoke nights.

Veterans Affairs Learning University

Alice Muellerweiss

Dean

Alice Muellerweiss was the Dean of the VA Learning University. Her job was to ensure Department employees were properly trained. Knowing that conference planning was underway, she failed to oversee conference expenditures. She resigned from her position in January 2013. She is currently not working in government.

Arthur McMahan

Deputy Dean

Arthur McMahan has served as the Deputy Dean of the VA Learning University since April 2011. He did not properly oversee the conference planning process with respect to budget decisions and tracking expenditures.

Anita Wood

Director, Policy and Resources Management

Anita Wood was responsible for tracking the Veterans Affairs Learning University's budget during the conference planning process.

Rhonda Carter*Education Program Manager*

Rhonda Carter was primarily responsible for helping to secure speakers for the conferences.

Tongela McIntosh-Moore*Learning Consultant*

Tongela McIntosh-Moore assisted with planning employee training presentations for the conferences.

Timothy Pleso*Event Manager*

Prior to working for the Department, Timothy Pleso served in the U.S. Army, where he worked for a period of time with the Inspector General's office. During the conference planning process, he was responsible for increasing the firm-fixed-price contract with the Orlando Marriott. He also mismanaged Department funds using a government purchase card, and approved wasteful expenditures for the conferences such as audiovisual costs. The Office of Inspector General referred him to the Department of Justice for criminal prosecution, but the Justice Department declined to take action. Pleso has since resigned from the Department.

Sara Wakeley*Program Support Assistant*

Sara Wakeley played a key role in organizing and planning pre-conference site visits.

IV. Findings

- Department conference planners failed to create or maintain a budget for the HR conferences. They failed to create any mechanisms to restrain rapidly increasing expenditures.
- When the conference planners began to express concern about the source of funding for the conferences, one of Alice Muellerweiss's deputies reassured the conference planners that they "don't have a thing to worry about."
- When pricing products and services for the conferences, the Department did not provide the vendors with price ranges, even when the vendors requested them.
- The Department never conducted a final accounting of costs for its conferences. In fact, the VA was even unable to provide a cost estimate 19 months after the conferences had ended.
- The Department actually provided a cap for the marketing budget, but it was a staggering \$450,000. E-mails show that conference planners quickly lost sight of the objective of purchasing promotional items relating to employee training because of the large budget.
- The conference planners spent a lot of time and energy planning the kick-off event—often referred to as the "pep rally"—for the conferences. In fact, as the scope of the kick-off event increased, some VA employees became worried that they no longer had sufficient time to handle their regular workloads in addition to conference planning duties.
- E-mails demonstrate that the VA conference planners treated the site visits to Dallas, Nashville, and Orlando more as vacations than work trips. They enjoyed helicopter rides and other perks from the hotels.
- The Department conference planners focused their energy on entertainment activities—such as DJ and karaoke nights and game nights—rather than employee training. Some of these planners then rewarded their own efforts during the conferences with massages, manicures and pedicures at the hotel spa, while getting paid.
- Some Department employees believed they should receive rewards for saving the Department money even though the budget for the VA conferences had spiraled out of control.

- After critical articles in the *Washington Post* about federal agency conferences, the Department went on the defensive and developed talking points to protect its image.
- Although conference planners believed the *Washington Post*'s criticism was unfounded, the Department attempted to hide photos that took place of extracurricular activities at the VA conferences.
- Just a couple of months before the conferences were held, senior Department officials were surprised to learn that the conferences had become so expensive. Nevertheless, they made virtually no effort to curb costs.
- Despite Secretary Shinseki's personal commitment to Chairman Issa, the Department has failed to cooperate with the Committee's investigation. The Department missed a series of deadlines and only began producing many of the requested documents after the Chairman issued a subpoena.

V. Background

In July and August 2011, the Department of Veterans Affairs Office of Human Resources held two week-long conferences at the Marriott World Center Resort in Orlando, FL. The conferences, entitled “Human Resources Conference 2011: Innovative Solutions for Strategic Workforce,” were organized to train human resources employees.¹² Documents and information obtained by the Committee show that the VA spent recklessly and planned poorly for the 2011 HR Conferences. The Department’s approach to planning and executing the conferences showed total disregard for getting the best deal for the taxpayers.

A. VA Office of Inspector General Report

The VA Office of Inspector General opened an investigation in late April 2012 after the office received complaints from a whistleblower of wasteful spending associated with the conferences.¹³ Inspector General George Opfer released a report on September 30, 2012. According to the Inspector General’s report on the conferences, “VA’s processes and the oversight were too weak, ineffective, and in some instances, nonexistent to ensure that conference costs identified were accurate, appropriate, necessary, and reasonably priced.”¹⁴

The IG estimated that the Department spent at least \$6.1 million on the two conferences to train approximately 1,800 employees. According to the IG, many conference costs were “excessive, inappropriate and unnecessary,”¹⁵ finding at least \$762,000 in unauthorized, unnecessary and/or wasteful expenses.¹⁶ For example, the Department spent \$280,000 in excess of its firm-fixed-price contract with the Orlando World Center Marriott, including lavish expenditures on audiovisual services, food, beverages, and catering.¹⁷ The contract received neither legal nor technical review prior to its award. In addition, conference planners spent almost twice as much as the original cost of the firm-fixed-price contract.¹⁸ An additional \$10,666 went to pay for pre-planning site visits to Dallas, Texas, Nashville, Tennessee, and Orlando, Florida.¹⁹ During these trips, employees received benefits, including specially prepared meals, alcohol, concert tickets, lodging, spa treatments, gift baskets, and limousine and helicopter rides.²⁰

Conference planners spent nearly \$50,000 to produce an 18-minute video satirizing the opening scene from the movie *Patton*.²¹ Although the Department has videographers and editors

¹² U.S. DEP’T OF VETERAN AFFAIRS OFFICE OF INSPECTOR GEN., ADMINISTRATIVE INVESTIGATION OF THE FY 2011 HUMAN RESOURCES CONFERENCES IN ORLANDO, FLORIDA (Sept. 30, 2012) [hereinafter IG REPORT], at i.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.* at 37.

¹⁶ *Id.* at i.

¹⁷ *Id.*

¹⁸ IG REPORT, at i.

¹⁹ *Id.* at 39.

²⁰ *Id.* at 25-26.

²¹ *Id.* at 15-16.

on staff, the conference organizers hired a contractor to produce the video.²² The Deputy Assistant Secretary for the Office of Human Resources Management, Tonya Deanes, told IG investigators that she was never aware that there were any costs associated with the parody video, because she thought VA produced the videos.²³ When the OIG questioned John Sepúlveda, the Assistant Secretary for Human Resources and Administration, about the video, he initially denied any knowledge of or involvement with the *Patton* video.²⁴ He claimed he first became aware of the video when it was shown at the conferences.²⁵ Sepúlveda, however, misrepresented his involvement with producing the *Patton* video.²⁶ Documents show that Sepúlveda not only saw the video prior to the conferences, but he also agreed to the concept of showing a parody video.²⁷

The Department paid close to \$100,000 for promotional items, including padfolios, USB drives, water bottles, hand sanitizers, fitness walking kits, exercise bands, and pedometers.²⁸ The Department also awarded \$43,018 to 17 VA employees for their roles in putting together the conferences.²⁹ These awards included cash and time off. The Department specifically rewarded five employees for keeping senior leadership aware of issues related to the conferences, while it rewarded others for identifying excessive expenses.³⁰ The Department made these awards despite the fact that senior leaders took a “hands-off approach” to conference planning and excessive spending was rampant.³¹

B. Committee’s Investigation

The Committee began its investigation into the VA’s 2011 HR Conferences in August 2012. The Committee’s investigation has uncovered a culture of willful waste at the Department and widespread disregard for how taxpayer dollars are spent. E-mails obtained by the Committee demonstrate that conference planners completely lost sight of the chief rationale for holding the conferences to train VA employees. Further, VA employees took extra measures to justify conference expenditures. For example, in response to press coverage of the conferences, the Department created talking points, which focused on the training purpose of the conferences and cost-saving measures that the Department took.

Because the VA never created a detailed budget plan, employees freely spent taxpayer money as they saw fit. VA employees in management positions did not seriously question the excessive costs. These employees did not consider establishing effective oversight measures for conference budgeting until after the IG and Committee launched their respective inquiries.

²² *Id.* at 16.

²³ *Id.*

²⁴ IG REPORT, at 17.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 71.

²⁹ *Id.* at 43.

³⁰ IG REPORT, at 44.

³¹ *Id.*

VI. Failure to Rein in Costs

From the beginning of the planning process, conference organizers refused to create a budget. This, in turn, led to irresponsible spending on unnecessary site visits, needless promotional products, and extracurricular conference activities entirely unrelated to training HR employees. As senior agency officials watched conference expenses climb sharply, they failed to rein in costs. Once conference costs had skyrocketed, the Department's effort to account for all expenditures became futile. In the end, even when asked to conduct an accounting of all conference-related expenditures by both the Office of Inspector General and the Committee, the Department was incapable of determining a final total.

A. A Runaway Budget

FINDING:	Department conference planners failed to create or maintain a budget for the HR conferences. They failed to create any mechanisms to restrain rapidly increasing expenditures.
-----------------	---

In October 2010, Tonya Deanes, the Associate Deputy Assistant Secretary in the Office of Human Resources Management, and several of her staff approached John Sepúlveda, the Assistant Secretary for Human Resources and Administration, with an idea to organize HR employee training conferences.³² Deanes discussed the pressing need for employee training based upon competency assessments gathered from HR professionals.³³ Sepúlveda agreed, and obtained authorization from the VA Chief of Staff, John Gingrich, to hold three—not two—HR employee training conferences at a cost of \$8 million.³⁴

After the Office of HR Management obtained approval to host employee training conferences, however, it failed to draw up a budget. Throughout the process, conference planners set up unreasonable expenditures for the Department. Audiovisual expenses, government purchase cards, and spending limits for promotional items were mismanaged. While conference expenditures soared, senior Department officials occasionally raised concerns about the growing costs. Aside from sending a few e-mails about their concerns, these senior officials did nothing to actually curb costs. At no time did they instruct conference planners to reduce the rapidly growing cost of the conferences.

1. "The Money Is Not an Issue"

In the absence of a budget, employees consistently added additional expenditures that proved to be wasteful. At certain points during the planning stage, senior Department officials requested an accounting of expenses. Inexplicably, planners were unable to provide an exact or even an estimated figure. Supervisory officials, who should have provided budget oversight, failed to do so.

³² *Id.* at 9.

³³ *Id.*

³⁴ *Id.* at 41.

Part of Human Resources & Administration (HR&A), the VA Learning University (VALU), is “VA’s corporate university that supports the agency’s mission and business objectives through high quality, cost-effective continuous learning and development that enhances leadership, occupational proficiencies, and personal growth.”³⁵

Jolisa Dudley and Thomas Barritt were two senior-level VALU employees. Tonya Deanes appointed Dudley and Barritt to be the co-leaders for conference planning.³⁶ On May 4, 2011, after conference planning had been underway for more than eight months, Dudley expressed concern about the conference budget. Although Deanes had given her responsibility to oversee conference planning, Dudley was unaware of who was in charge of the budget and accounting. She warned conference planners that Deanes may “start asking a lot of detailed questions relative to all conference expenses.”³⁷ She also expressed concerns about the fact that checks and balances were not in place for spending management.³⁸

³⁵ VA Learning University, About VALU, Our Mission, <http://www.valu.va.gov/Home/AboutVALU> (last visited Oct. 22, 2013).

³⁶ IG REPORT, at 21.

³⁷ E-mail from Jolisa Dudley to Wayne Allen & Timothy Pleso (May 4, 2011).

³⁸ *Id.*

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 4:18 PM
To: Allen, Wayne; Pleso, Timothy W.
Cc: Wood, Anita; Barritt, Thomas; McMahan, Arthur P, PhD, VALU; Carter, Rhonda; Moore, Tongela; Maggio, Nicole
Subject: Budget for HR Conference
Importance: High

Hi Wayne/Tim

While Tom/I understand VALU is paying...we don't have a warm fuzzy for all the mechanics....

"Who has the lead for the HR Conference Budget and tracking of all expenses?"

Who has the lead for the HR Conference Budget and tracking of all expenses? Was the MOU ever completed, and does it address this matter in detail? If the answer to either or both of these is 'No' recommend you or your designated representatives have a face-to-face, followed by a written agreement of some sort with VALU which clearly outlines Roles/Responsibilities of how all of this will work and exactly who is responsible for processing/accounting for what.

I am sure all aware of the intense scrutiny, formal that HCIP money is currently undergoing. Since neither Tom nor I are finance experts, we are relying on those of you who are to ensure we the appropriate processes, and checks and balances in place, and keeping accurate accounts of all funding.

I also highly recommend the Finance POC(s) and Event Planner(s) with signature authority begin to attend (or send a knowledgeable alternate) to the weekly meeting with the DAS on Tuesday at 1:00 in the OHRM Conference room.

I can assure you the DAS (and perhaps the A/S) is going to begin start asking a lot of detailed questions relative to all conference expenses as soon as the registration opens and we begin to get a better picture of actual participation. Since time is a precious commodity for all of us, think it best to have the SMEs present to answer the mail.

Sorry for the long email, butThanks bunches for your support!

Jolisa

"I can assure you the DAS (and perhaps the A/S) is going to begin [to] start asking a lot of detailed questions"

Although Jolisa Dudley raised concerns about the lack of management of financial issues associated with conference planning, she stated that money was no issue for the conferences. As one of the co-leaders for conference planning, she was supposed to know how conference funds were spent. Aside from her e-mail, there is no indication that she took any action to ensure that the budget was properly managed, or that someone else was tracking expenditures.

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 3:21 PM
To: Deanes, Tonya (SES)
Cc: Ozben, Esra (SES)
Subject: FW: Budget for HR Conference

Importance: High

"Obviously the money is not an issue, but I am concerned about the process, especially with such large numbers involved, and two events."

Hi Tonya

Didn't want to put you on the blast, but sharing for your situational awareness. Obviously the money is not an issue, but I am concerned about the process, especially with such large numbers involved, and two events. I am happy to discuss with you if you have additional questions.

R/



Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

1. The AV Budget

The VALU Event Manager, Timothy Pleso, played an active role in exceeding the firm-fixed-price contract with the Orlando Marriott. Because the agreement was a firm-fixed-price contract, the price was not subject to any increases. Pleso, however, received verbal approval to increase spending for the conference's audiovisual component. He created a \$145,000 budget shortfall for audiovisual expenses. Eventually, the contract, which was originally for \$335,800, was increased by a total of \$173,577.³⁹

When Pleso initially submitted invoices for the modified AV costs, a coworker informed him that there were insufficient funds to cover the invoices. The coworker wrote:

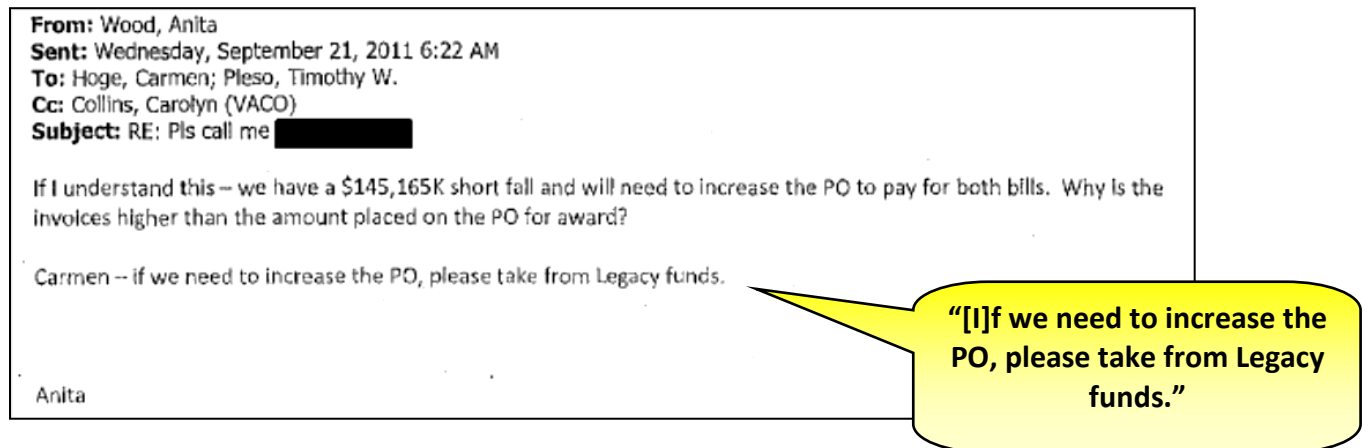
From: Hoge, Carmen
Sent: Friday, September 16, 2011 2:39 PM
To: Pleso, Timothy W.
Cc: Wood, Anita
Subject: RE: Pls call me [REDACTED]

"[A] modification should have been requested for any changes."

Tim: There is not enough money on the Po to cover both invoices; a modification should have been requested for any changes.

³⁹ IG REPORT, at 50.

Still, Anita Wood, the former Director of Policy and Resource Management for the VALU and the employee in charge of tracking VALU's budget for the conferences, told Pleso that it would be no problem for the VA to cover the budget shortfall. Wood wrote:



Instead of reprimanding him for creating the additional \$145,000 in audiovisual expenses and violating the firm-fixed-price contract, Wood told Pleso that funds could simply be taken from another source.

Pleso explained that the shortage in funding for audiovisual expenses was mainly the result of a miscommunication. When he requested authorization for the additional audiovisual funds, he received verbal approval from the Department's acquisition personnel. Later, when acquisition officials raised concerns about the increased expenses, he explained that the request had received prior approval. Rather than question the drastic increase in audiovisual expenses, acquisitions personnel told him it would be no problem to cover the increased expenditures:

From: Pleso, Timothy W.
Sent: Wednesday, September 21, 2011 6:28 AM
To: Wood, Anita; Hoge, Carmen
Cc: Collins, Carolyn (VACO)
Subject: RE: Pls call me 540-972-1334

"They gave verbal approval based on the above funding document and the new AV quote."

Good morning Anita, below is a sequence of what transpired that led to the shortfall.

- Feb 25, 2011 - Carmen issued a funding document in the amount of \$862,260 based on estimates for the conferences.
- Mar 9, 2011 – Acquisitions awarded the contract for two conferences, with minimum AV, in the amount of \$335,800.
- Jun 16, 2011 – I notified acquisitions the difference in the AV costs. They gave verbal approval based on the above funding document and the new AV quote.
- Sep 16, 2011 – Carmen notified me the PO amount didn't cover the invoices. She and I determined the PO was never increased for the additional AV. I contacted Acquisitions and they remembered the approval and said they would increase the PO either Friday or Monday.

I hope this clarifies what happened. Please let me know if you need any additional information from me.

Tim

The Department's acquisition staff quickly agreed to cover an additional \$145,000 in expenses without any apparent questions about the additional costs above and beyond the price of the firm-fixed-price contract. Although Pleso himself initially approved the increase in audiovisual expenses, he showed no concern for the significant modification to the contract price.

Department employees also mismanaged the use of government purchase cards. In all, the IG found that at least seven VA employees used government purchase cards to spend more than \$215,000.⁴⁰ In some instances, Department employees made purchases without supervisory approval; on other occasions when employees received approval, supervisors did not require them to submit a justification for the purchase.⁴¹ The IG identified over \$120,000 in wasteful purchases using government cards, including promotional items, photography services, and costs associated with the *Patton* parody video.⁴² The IG recommended that the Department implement a cost system for card purchases, which would assign costs to individual major Department events, as well as improve the internal oversight controls for purchase card transactions.⁴³

On March 17, 2011, Pleso expressed concern about losing his authority to pay for expenditures associated with the conferences. He added that he was worried that he was close to reaching his maximum purchase card limit of \$250,000, and admitted that he did not properly manage his purchase card limit. He stated:

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

From: Pleso, Timothy W.
Sent: Thursday, March 17, 2011 9:39 AM
To: Emmet, Bronwyn B.; Treadwell, Rita
Cc: Wood, Anita; Hoge, Carmen; Collins, Carolyn (VACO)
Subject: Media Production Approvals

"To add to that concern, I am getting very close to my max amount allowed on my monthly limit of \$250K."

Good morning Bronwyn, I was just talking to Rita about the fact that it is really looking like I am going to lose my warrant to approve and pay for these programs. I am not sure how acquisitions is going to handle approvals and payments after March 31. I am also concerned about the number of outstanding projects we have going on. To add to that concern, I am getting very close to my max amount allowed on my monthly limit of \$250K. I will contact Dewie at Maslow Media and see if I can get all of our outstanding invoices so I can better monitor/manage my limit. My concern is, we have approx \$263K outstanding and they will want to push them all through at the end of the month; which will not be good for any of us.

As I hear more on how we will proceed in the future, I will let you know.

Tim Pleso

Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

In response, Bronwyn Emmet, an Executive Producer for the Veterans Health Administration Employee Education System, stated that although she was not aware of any limit on government purchase cards, she did not understand how the expenses for the conferences were so high. Instead of suggesting a reduction in expenditures to avoid maxing out purchase cards, she asked if other employees with purchase cards could cover some of the excess expenses. She wrote:

From: Emmet, Bronwyn B.
Sent: Thursday, March 17, 2011 9:25 AM
To: Pleso, Timothy W.; Treadwell, Rita
Cc: Wood, Anita; Hoge, Carmen; Collins, Carolyn (VACO)
Subject: RE: Media Production Approvals

"Can one of the other VALU card holders take some of these charges on their card?"

I was not aware of this limit. Can one of the other VALU card holders take some of these charges on their card? How could we be spending 250K a month if we only have expended a total of 600 thousand allocated year to date with only half that obligated? I put a large VA News order in, but we are only paying as we use the crews – one crew per week.

If we have projects, like VA News that are ongoing and the PO has not been completed will we have to close out these projects and open a new PO with another system. And what other system will that be, TRACE?

2. "We are a Large Agency with Deep Pockets"

FINDING:	When the conference planners began to express concern about the source of funding for the conferences, one of Alice Muellerweiss's deputies reassured the conference planners that they "don't have a thing to worry about."
-----------------	---

FINDING:	When pricing products and services for the conferences, the Department did not provide the vendors with price ranges, even when the vendors requested them.
-----------------	--

With no budget to provide a guide for controlling costs, conference planners overspent throughout the planning process. They demonstrated no capacity for managing expenditures.

Early in the conference planning process, Thomas Barritt, the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, worried whether the VA would have the budget to support the conferences. Specifically, he was unsure as to whether the VA Learning University would provide the majority of conference funding, or whether conference planners would have to find another source of funding within the Department. Barritt wrote:

From: Barritt, Thomas
Sent: Wednesday, August 04, 2010 4:43 PM
To: Muellerweiss, Alice (SES); Santiago, Mary
Cc: Allen, Wayne; Deanes, Tonya (SES)
Subject: HR Conference

As I begin to pick up speed on getting this started, there are some questions I need to throw your way. In 2009, VALU paid for a good portion of the HR Conference. I think OHRM paid for decorations, marketing, program support, etc. VALU paid for conference space rental to include exhibit hall, food

and beverages, logistics (film crews, audio, video, etc, etc), took care of registration and all associated give aways and name tags, ADP rental, Faculty contracts, blah, blah, blah. This was done through the VALU/EES connection. Will there still be this connection? Will VALU still have the ability to do this type of cross organizational conference support or has the mission changed? Are we on our own??? Will you still have an MOU with EES? If so, how will that be funded? Is this part of an HCIP initiative? Critical skills? Please remember the discussion that Mr. Sepulveda had with Tonya at our last out brief - he was looking at 3 to 4 HR conferences in FY11 to allow for more participation.

I know these are a lot of questions but I have got to get the budget fixed before I begin to trudge the happy road of destiny....

Thanks

"I have got to get the budget fixed before I begin to trudge the happy road of destiny"

Mary Santiago, who served as Deputy to the Dean of VALU, responded that funding was available through the VA Human Resources and the Administration's Human Capital Investment Plan (HCIP). She explained that money was no object, that Barritt did not "have a thing to worry about."⁴⁴ Santiago wrote:

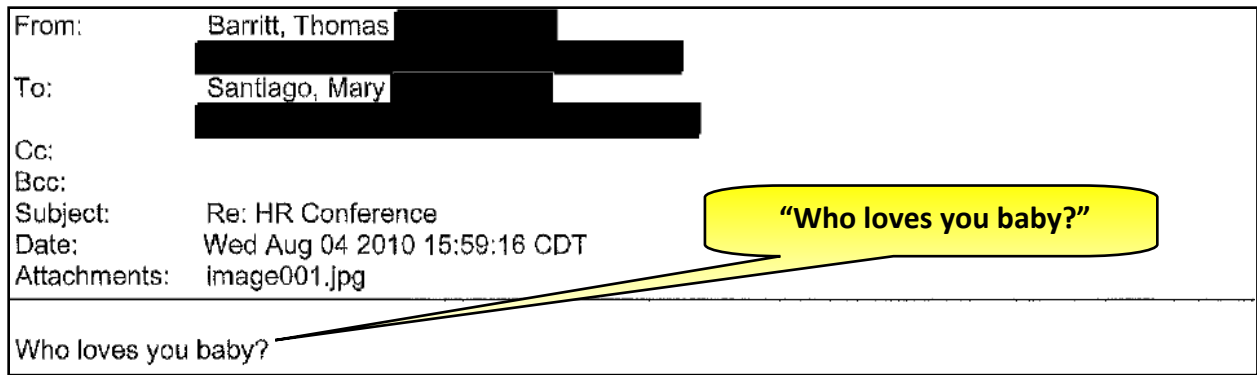
From: Santiago, Mary
Sent: Wednesday, August 04, 2010 4:53 PM
To: Barritt, Thomas; Muellerweiss, Alice (SES)
Cc: Allen, Wayne; Deanes, Tonya (SES); McMahan, Arthur
Subject: RE: HR Conference

We will take care of you. We will fund through HCIP - Come see me and we can discuss in detail. Bottom line - you don't have a thing to worry about.

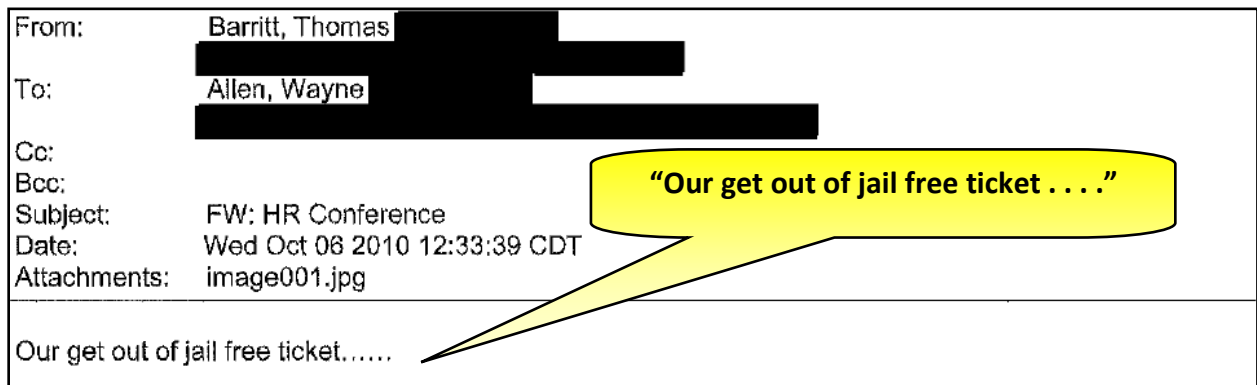
Mary M. Santiago
Deputy to the Dean, VALU

Thomas Barritt responded that he was happy HCIP would provide funds for the conferences:

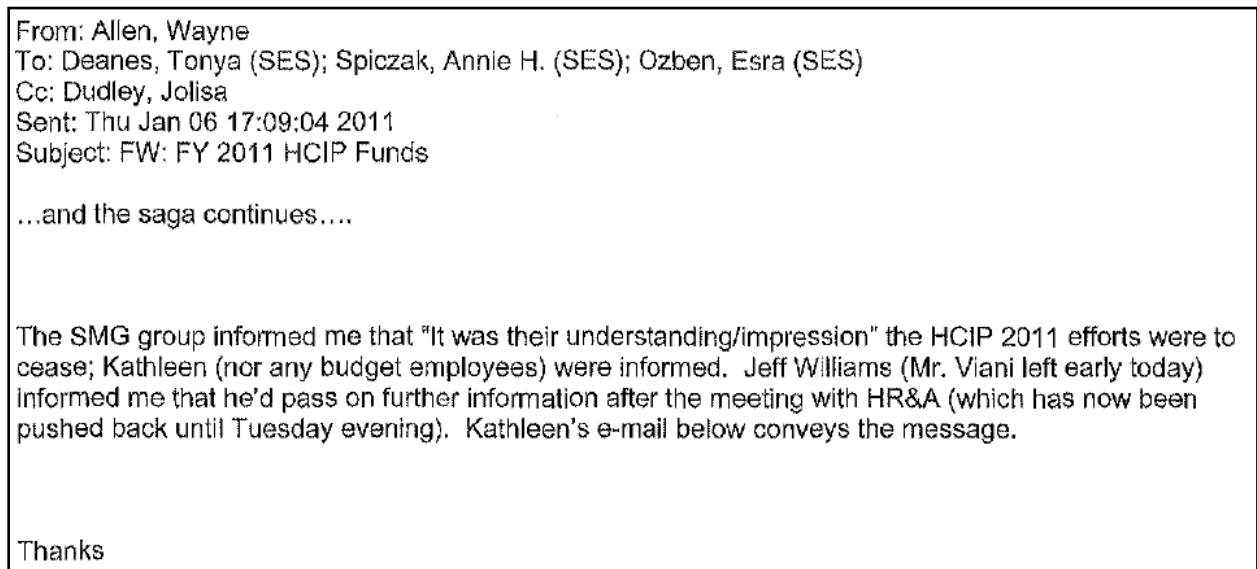
⁴⁴ E-mail from Mary Santiago to Thomas Barritt & Alice Muellerweiss (Aug. 4, 2010).



Two months later in October 2010, Barritt wrote to Wayne Allen, a Budget Officer for the Department, expressing relief that funding could come through HCIP. Barritt wrote:



In January 2011, however, Wayne Allen e-mailed several conference planners to explain that there might be difficulties in obtaining funds through HCIP. Allen wrote:



In response, Jolisa Dudley questioned how the change in funding would affect the human resources conferences.

From: Dudley, Jolisa
Sent: Thursday, January 06, 2011 5:41 PM
To: Barritt, Thomas
Subject: Fw: FY 2011 HCIP Funds

What does this mean for us?

Thomas Barritt quickly responded, assuring Dudley that he would not allow the question of available HCIP funds to impact conference planning.

From: Barritt, Thomas
To: Dudley, Jolisa
Cc:
Bcc:
Subject: RE: FY 2011 HCIP Funds
Date: Thu Jan 06 2011 16:47:00 CST
Attachments:

**"Full speed ahead until
someone torpedoes my
boat!!!!!"**

Full speed ahead until someone torpedoes my boat!!!!

In October 2010, Annie Spiczak, the Associate Deputy Assistant Secretary for Policy and Planning in the Office of Human Resources Management, suggested the Department offer spaces for smaller federal agencies to send attendees to its HR conferences. She wrote:

From: Spiczak, Annie H. (SES)
To: Barritt, Thomas
Cc: Kolen, Debbie
Sent: Fri Oct 01 17:04:34 2010
Subject: 30 - 50 Reservations for HR Conference

I think we should be good Federal partners and offer spaces to our two conferences to those small agencies that never get the opportunity to attend a professional training conference. Please let me know if 30 to 50 spaces for both conferences would work. Of course, they would pay their travel and hotel expenses. Our OPM HCO (Anita Spinner) would coordinate with the small agencies for their interest and participation. An invitation to attend should also go to Anita. Your thoughts?

Annie Spiczak

Associate Deputy Assistant Secretary

Policy & Planning, Office of Human Resources Management

Department of Veterans Affairs

In his response, Thomas Barritt told Spiczak he liked the idea.

From: Barritt, Thomas
Sent: Friday, October 01, 2010 5:27 PM
To: Spiczak, Annie H. (SES)
Cc: Kolen, Debbie
Subject: Re: 30 - 50 Reservations for HR Conference

Hmmm, we had already thought of putting OPM on the list, I don't have a problem with inviting some of the smaller Agencies, certainly we can all learn from each other. Will run it by committee.

After Barritt explained that he would discuss her idea with the other conference planners, Spiczak stated that she wanted to know the outcome as soon as possible.

From: Spiczak, Annie H. (SES)
To: Barritt, Thomas
Cc: Kolen, Debbie
Bcc:
Subject: RE: 30 - 50 Reservations for HR Conference
Date: Fri Oct 01 2010 16:31:10 CDT
Attachments: image001.png

"We are a large agency with deep pockets."

Run it by your committee and let me know asap. We are a large agency with deep pockets.

Subsequent e-mail traffic shows that the conference planners tried to maximize their spending for promotional items. Edith Perry, a Program Manager, inquired as to whether she should make additional purchases to make the total cost as close as possible to the \$3,000 limit for the promotional products.

From: Perry, Edith
Sent: Monday, June 06, 2011 11:21 AM
To: Thomas, Raquel
Subject: RE: H1506618QUOTE.doc

"Should we add something else to make it as close to \$3000 as possible?"

I'm okay with this. Should we add something else to it to make it as close to \$3000 as possible?

Raquel Thomas, the VA Marketing and Recruitment Outreach Consultant, was responsible for "helping to secure" promotional items. She approved Perry's plan to maximize expenditures for the promotional products.

From: Thomas, Raquel
Sent: Monday, June 06, 2011 11:42 AM
To: Perry, Edith
Subject: RE: H1506618QUOTE.doc

I like your style.

Without considering budget limits or common sense restraint, Perry stated that at the VA, it was necessary to spend as much money as possible whenever permitted.

From: Perry, Edith
Sent: Monday, June 06, 2011 11:44 AM
To: Thomas, Raquel
Subject: RE: H1506618QUOTE.doc

"In this place you have to get it all in when you can."

☺ In this place you have to get it all in when you can.

As the employee in charge of overseeing conference marketing products, Thomas had the opportunity to control costs for promotional items. Not only did Thomas approve the added cost for the promotional products, she agreed with Perry that it was necessary to maximize spending wherever possible.

From: Thomas, Raquel
Sent: Monday, June 06, 2011 10:45 AM
To: Perry, Edith
Subject: RE: H1506618QUOTE.doc

LOL!!! I know right...

In February 2011, Thomas contacted Crestline, a promotional products consultant, to inquire about purchasing umbrellas to use as promotional items. Crestline responded by asking if there was a specific price range that Thomas wished to stay within.

From: Nicole Phillips
Sent: Friday, February 11, 2011 5:04 PM
To: Thomas, Raquel
Subject: RE: Umbrellas

I'll look, is there a pricing range that you're looking at?



Nicole Phillips

Instead of providing the requested pricing guidelines, Thomas responded that there was no price range. She essentially ceded to Crestline all authority to determine a price point that the Department would be willing to pay.

From: Thomas, Raquel
Sent: Tuesday, February 22, 2011 9:25 AM
To: 'Nicole Phillips'
Subject: RE: Umbrellas

Hi Nicole,

Just returned to the office. No, there is not a price range.

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

"No, there is not a price range."

Thomas' lack of concern for the cost of promotional products and their relationship to the employee training purpose of the conferences fueled a wasteful spending binge on promotional products that reached nearly \$98,000.⁴⁵

In addition to superfluous promotional products, conference planners arranged for a conference kick-off video to be broadcast online to create "hype" for the conferences. Jeremy Wheeler, a video producer for the Department, sent an acquisitions request to Rita Treadwell, a VA Learning Consultant, for \$4,000 to cover the live broadcast.

⁴⁵ IG REPORT, at ii.

From: Wheeler, Jeremy W
Sent: Thursday, April 28, 2011 9:30 AM
To: Treadwell, Rita
Subject: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

Good Morning Rita,

This is for our broadcast next month, looking for at least \$4000.00 for our live broadcast.

Thank you,
Jeremy

Treadwell explained that there were no longer any resources available through one of the VA's funding sources, Trade. Rather than questioning the purpose of the large expense for the live broadcast, Treadwell explained that Timothy Pleso could cover the expense with his government purchase card. Treadwell wrote:

From: Treadwell, Rita
Sent: Thursday, April 28, 2011 10:32 AM
To: Wheeler, Jeremy W
Cc: Emmet, Bronwyn B.; Pleso, Timothy W.
Subject: RE: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

Hi Jeremy,

There is no money in trace. Since this is an HR conference "hype" for all VA employees, I wonder if it should go to outreach. Bronwyn is on the copy line, perhaps she can answer. Otherwise, Tim will pay this via credit card.

Rita

Bronwyn Emmet, an Executive Producer for the Veterans Health Administration Employee Education System, explained that she, along with Timothy Pleso, would handle the funding for the live broadcast. Emmet wrote:

From: Emmet, Bronwyn B.
Sent: Friday, April 29, 2011 9:13 AM
To: Treadwell, Rita; Wheeler, Jeremy W
Cc: Pleso, Timothy W.
Subject: RE: 11.VALU.RMT.HRCONFKICKOFF.A -- needs funds

Rita,

This is still considered education, but all funding for your projects goes through me and Tim Pleso. No worries.

b.



"No worries."

Throughout the conference planning process, Department employees maintained extensive freedom over how money should be spent for the conferences. Because conference planners had so much freedom, they did not adequately communicate costs that they accumulated individually with one another. As a result, the Department was unable to account for all costs at the conclusion of both conferences.

B. No Final Accounting of Costs

FINDING:	The Department never conducted a final accounting of costs for its conferences. In fact, the VA was even unable to provide a cost estimate 19 months after the conferences had ended.
-----------------	--

Because the VA failed to establish any restrictions on conference spending, the Department was ultimately unable to determine all costs associated with the conferences. When the IG's office estimated that the conferences cost \$6.1 million, its report explained that there were likely still many expenses unaccounted for.

In March 2013, during the Committee's investigation, the Department briefed Committee staff about the conferences. The Committee asked the Department to provide a final cost figure. At that time, the VA was unable to provide the Committee with a cost estimate for the conferences—19 months after the conferences had ended. The Department finally chose to adopt the OIG's cost estimate. The VA apparently lacked the necessary control mechanisms to track conference expenditures. Further, the Department's inability to account for all conference-related costs reflects an agency-wide culture of disregard for taxpayer dollars. To this day, the true cost of these conferences remains unknown—an unbelievable reality given current limitations on resources.

1. OIG's Difficulty in Estimating Costs

In his report, IG Opfer determined that the total cost for the conferences was \$6.1 million.⁴⁶ He noted, however, that conference costs likely exceeded that estimate.⁴⁷

Department employees in charge of conference expenditures scrambled to come up with accurate figures to provide to the OIG. The OIG requested travel, content, and venue costs for the conferences. When reporting a final conference cost figure, e-mails indicate that VA officials had several figures. In one instance, they chose to report the lowest figure.

⁴⁶ *Id.* at i.

⁴⁷ *Id.* at 42.

From: Tuning, Carrie Dr.
Sent: Friday, June 24, 2011 8:53 AM
To: Harrison, Robert; 'Melinda Griffin'
Cc: Pleso, Timothy W.; Wood, Anita
Subject: RE: HR Conference Cost
Importance: High

Good Morning Bob/Meg,

I have two sets of figures. Meg sent me \$3,706,572 and Tim sent me \$3,628, 952 and he said that his figures will probably be a little lower. Which figures should I use?

Carrie E. Tuning, D.A.
Learning Consultant
Evaluation & Career Technical Training

From: Wood, Anita
Sent: Friday, June 24, 2011 8:00 AM
To: Tuning, Carrie Dr.; Harrison, Robert; 'Melinda Griffin'
Cc: Pleso, Timothy W.
Subject: RE: HR Conference Cost

Use \$3,628, 952

ALW

As the OIG interviewed VA employees in preparing its report, employees in charge of conference planning were consistently unable to provide any sort of final accounting of conference cost totals.⁴⁸ The Department's lack of an itemized budget contributed to this problem significantly.⁴⁹

Even though John Sepúlveda, the Assistant Secretary for Human Resources and Administration, received authorization from Secretary Eric Shinseki's Chief of Staff, John Gingrich, to hold three employee training conferences at a cost of \$8 million, no one ever followed up with a detailed budget plan.⁵⁰ Conference planners made unilateral decisions to add extravagant expenses to an already expensive conference.

According to the IG's report, "senior leaders took a hands-off approach to conference management and oversight."⁵¹ Time and again, senior management level officials, including John Sepúlveda, Alice Muellerweiss, and Tonya Deanes, failed to supervise conference expenditures even though they knew that conference planning was well underway. Officials delegated oversight duties to more junior staff members instead of undertaking any of their own responsibilities.⁵² Junior staff received no guidelines for making spending decisions.⁵³ In this manner, VA employees spent taxpayer money without any accountability to senior VA officials.

⁴⁸ *Id.* at 41.

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.* at 44.

⁵² *Id.* at 43.

2. The VA Failed to Perform a Final Accounting

When asked to produce a final accounting for the conferences, the VA reported inconsistent figures. In April 2012, Human Resources and Administration reported in a memorandum to John Gingrich that the Department spent \$5.1 million to train about 2,000 employees.⁵⁴ Four months later on August 16, 2012, Alice Muellerweiss, Dean of VALU, reported to the IG that the Department spent approximately \$5.6 million on the conferences.⁵⁵ Just over a week later, on August 24, 2012, VA reported to Congress that the conferences cost a total of \$5.2 million.⁵⁶ The IG later requested supporting documents for travel costs, and the Department then revised its previous figure.⁵⁷ On August 27, 2012, the Department reported to its OIG a total cost of \$5.8 million.⁵⁸

E-mails demonstrate that during the planning process, officials lacked a clear understanding of any budgetary guidelines for the conferences. Indeed, the numbers seemed to be a moving target. In January 2011, Department employee Gary Musicante discussed the budget for design, development, and training at the conferences. Initially, a budget of \$2.3 million was submitted and then resubmitted for \$4 million. Later, officials determined \$3 million would cover the total cost of the conferences.

⁵³ *Id.*

⁵⁴ *Id.* at 41.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.*

From: Musicante, Gary
Sent: Tuesday, January 25, 2011 5:07 PM
To: Barritt, Thomas
Cc: Gardner, Johnathan
Subject: \$ needed to design, develop and deliver training at HR conference

Tom,

We originally said \$2.3 M, then revised and resubmitted as \$4M. However, based on informal discussion w/the vendor, a figure of just under \$3M would conservatively cover the design, development, and delivery of (14) two hour classes at the HR Conferences. Assuming some content is already developed, customization of existing content rather than creating from scratch will cost significantly less. This is a long-winded way of saying if we can get \$3M that would be great but could probably work with the \$2.3 M as long as some of the courses have already been developed and just need to be tweaked and delivered.

Johnathan: Anything to add/correct?

Gary

"[I]f we can get \$3M that would be great but [we] could probably work with the \$2.3M . . ."

When conference planners tried to determine the total cost of travel expenses for the conferences in early June 2011, they were unable to come up with an exact number. In June 2011, a VA Financial Analyst, Valerie Robinson, asked Timothy Pleso whether an estimated travel expense of \$1,500 per attendee was correct.

From: Robinson, Valerie (VACO)
Sent: Tuesday, June 07, 2011 3:47 PM
To: Pleso, Timothy W.
Subject: RE: HCIP Funding End of Year Sweep FY11

Tim would you say the average cost of travel for these conference will be \$1,500 per staff including staff members on TDY Status?

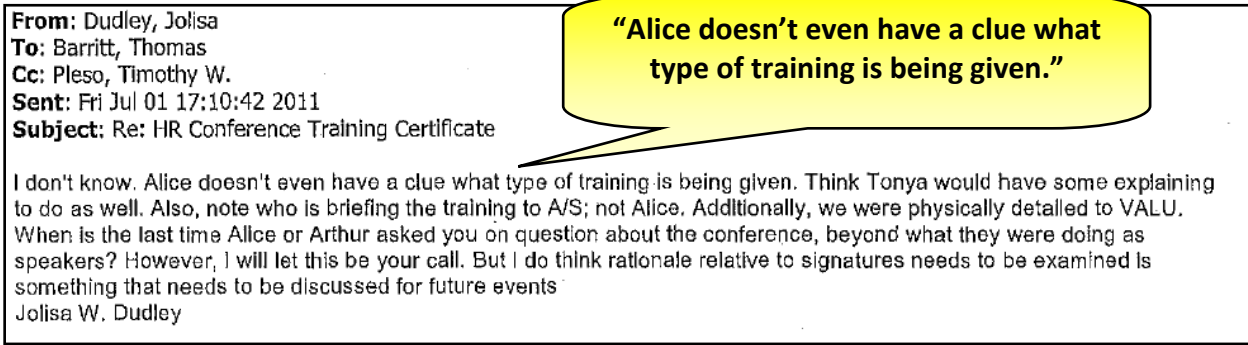
Pleso responded that the \$1,500 travel estimate was a "safe number."⁵⁹

From: Pleso, Timothy W.
Sent: Tuesday, June 07, 2011 4:02 PM
To: Robinson, Valerie (VACO)
Subject: RE: HCIP Funding End of Year Sweep FY11

Yes, that is a safe number.

⁵⁹ E-mail from Timothy Pleso to Valerie Robinson (Jun. 7, 2011).

Internal VA e-mails confirm the IG’s findings that VA senior leadership failed to provide appropriate oversight. According to the IG report, Alice Muellerweiss, “by her own admission, knew nothing about her staff’s activities involving the planning of the conferences and remained uninvolved.”⁶⁰ Muellerweiss, however, received a cash award of approximately \$17,600 for fiscal year 2011.⁶¹ According to an e-mail from Dudley to Barritt, just weeks before the first conference, Muellerweiss was unaware of the training that would be offered at the conferences.



On March 7, 2013, VA officials briefed Committee staff on the Department’s FY 2011 conferences. During the briefing, Committee staff asked what the final cost was for the two conferences. Department representatives were unable to provide an answer. After the briefing, Committee staff requested that the Department provide information on the costs of the two conferences. After repeatedly asking for a final cost figure for the two conferences, the VA reported back to the Committee on May 31, 2013—almost two years since the conferences—that it was adopting the IG’s final cost estimate of approximately \$6.1 million.⁶² The VA wrote that “the IG report included costs, with which VA concurs, of \$6,137,577, to include program and travel costs.”⁶³

The Department failed to monitor costs throughout the conference planning process, and in the end, was unable to determine the final costs of the conferences. The VA’s inability to ascertain or produce its own accounting of the conference costs is worrisome, especially in a time of rapidly growing budget deficits.

C. Conference Planning Gone Wild

Between purchasing promotional products and planning a “signature” conference kick-off event, planners spent many months brainstorming ideas to make the conferences more attractive for attendees. Because Department management provided virtually no oversight over promotional products, planners were free to purchase practically anything they wished. Once the marketing team was allocated \$450,000, planners spent months contacting numerous vendors about purchasing products completely unrelated to training for HR employees.

⁶⁰ *Id.* at 20.

⁶¹ *Id.* at 44.

⁶² Staff Questions, H. Comm. on Oversight & Gov’t Reform (Mar. 7, 2013) [hereinafter Staff Questions].

⁶³ *Id.*

Because conference planners did not have to answer to any oversight authority on whether promotional products were in any way related to the conferences, marketing team members contacted vendors to inquire about purchasing trinkets such as hand clappers, aprons, and umbrellas. In the end, planners squandered nearly \$98,000 on promotional packets, which included water bottles, fitness walking kits, and exercise bands.⁶⁴

Planners also spent months planning a pre-conference kick-off event that would boost HR employees' excitement about the conferences. After conference planners were instructed that Sepúlveda wanted the kick-off to be a "signature" event, they proposed over-the-top ideas, including an appearance by NFL football cheerleaders. Planning for the kick-off event became so time-consuming that some employees complained that they were left with insufficient time to complete their regularly assigned workloads. Lead conference planners met their concerns with indifference. These leaders seemingly believed the HR conferences should be each planner's primary focus.

1. Marketing

FINDING:	The Department actually provided a cap for the marketing budget, but it was a staggering \$450,000. E-mails show that conference planners quickly lost sight of the objective of purchasing promotional items relating to employee training because of the large budget.
-----------------	---

The Department spent liberally on promotional items and other marketing products. This spending was contrary to the advice of the Office of the General Counsel (OGC). Prior to the purchase of these items, an OGC appropriations expert advised Raquel Thomas, the Office of Human Resources Management Marketing and Outreach Consultant, that certain promotional products were impermissible under Department policy.⁶⁵ For example, the General Counsel's office advised that the cost of the notebooks should be limited to \$2 each.⁶⁶ In spite of this clear limit, conference planners purchased more expensive notebooks.⁶⁷ In fact, the Department bought over 3,600 notebooks even though there were only 1,800 conference attendees.

Thomas knew about the General Counsel's opinion, and still failed to share it with other conference planners.⁶⁸ She also did not disclose the information to Tonya Deanes, who was responsible for deciding whether to approve the purchase of promotional items.⁶⁹

In March 2011, Wayne Allen notified Raquel Thomas that she had a marketing budget of more than \$450,000.

⁶⁴ IG REPORT, at 71.

⁶⁵ *Id.* at 18.

⁶⁶ *Id.* at 71.

⁶⁷ *Id.*

⁶⁸ *Id.* at 18.

⁶⁹ *Id.*

From: Allen, Wayne
Sent: Wednesday, March 16, 2011 10:37 AM
To: Thomas, Raquel
Subject: RE: HRC Budget approval

Yes,

We have more than enough from what I first estimated – upwards of \$450K.

Thanks

Wayne

Thomas was overjoyed to learn the amount of the marketing budget.

From: Thomas, Raquel
Sent: Wednesday, March 16, 2011 11:01 AM
To: Allen, Wayne
Subject: RE: HRC Budget approval

“Yes!!!!!!!!!!!!!!”

Yes!!!!!!!!!!!!!!

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

The large budget encouraged conference planners to consider purchasing completely unnecessary promotional products such as hand clappers, aprons, screen cleaners, and hand sanitizers. With a budget of over \$450,000, ideas for wasteful promotional ideas proliferated. Conference planners lost sight of linking the purchase of promotional items to the employee training purpose of the conferences.

In February 2011, Thomas asked a vendor, Crestline, about purchasing umbrellas as a promotional item.

From: Thomas, Raquel [REDACTED]
Sent: Friday, February 11, 2011 2:35 PM
To: Nicole Phillips
Subject: Umbrellas

Hi Nicole,

I do hope your day is going well.

I received 3 umbrellas that were very nice. I am looking to see if you have a middle version of them. I like the small one because it is compact. However, I like the large ones for their sturdiness.

Any suggestions?

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

"I received 3 umbrellas that were very nice."

One month later, Thomas joked about her ability to add any and all promotional items she wished to the already growing quantity.

From: Thomas, Raquel
Sent: Thursday, March 03, 2011 4:20 PM
To: Barritt, Thomas; Allen, Wayne
Cc: Nyers, Conni; Dudley, Jollisa
Subject: RE: Marketing Budget as of MAR 3, 2011

Sure thing.

"FYI . . . I'm sure I could add a lot more . . . bells . . . whistles . . . balloons . . . cars.☺"

FYI...I'm sure I could add a lot more...bells...whistles...balloons...cars.☺

Sincerely,

Raquel R. Thomas

Marketing & Recruitment Outreach Consultant (MROC)

Recruitment & Placement Policy (059)

Office of Human Resources Management

Department of Veterans Affairs

The cost of promotional products eventually reached nearly \$113,000.⁷⁰

Thomas Barritt, Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, and one of the senior employees to whom Tonya Deanes delegated her conference oversight authority, joked to Thomas that the conference planners should add Blu-ray players, large televisions, iPhones, and iPads to the list.

From: Barritt, Thomas
Sent: Thursday, March 03, 2011 4:28 PM
To: Thomas, Raquel
Subject: RE: Marketing Budget as of MAR 3, 2011

Yea, plus Blu-ray players, flatscreens (large), iPhones and Pads, etc, etc, etc.....

That same month, one conference planner even proposed that the VA should purchase screen cleaners for all conference attendees at a cost of \$11,000.

⁷⁰ *Id.* at 71.

"The Workforce Planning and Analysis Group (SHCPS/OHRM) would like to purchase 'give-aways' for the HR Conferences."

From: Goggins, Margo
To: Allen, Wayne
Sent: Wed Mar 30 09:41:50 2011
Subject: Budget for HR Conference Give-Aways

Hello Wayne,

The Workforce Planning and Analysis Group (SHCPS/OHRM) would like to purchase "give-aways" for the HR Conferences. Does OHRM have the funds to purchase laptop screen cleaners that will include our workforce planning branding/logo? See the Digimates screen print below. If we purchase 5000 of these cleaners – we estimate the cost to be about \$1.1K. Please let me know if there is a budget for this. Thanks so much for your help!

Although Barritt had joked earlier that month about adding expensive electronic equipment such as Blu-ray players as televisions to the list of promotion products, just a few weeks later he changed his tone. He voiced concern about the request to purchase screen cleaners, and became concerned that he could get himself into "hot water."⁷¹

From: Barritt, Thomas
Sent: Wednesday, March 30, 2011 2:45 PM
To: Allen, Wayne; LaGrone, Ann
Cc: Goggins, Margo; Thomas, Raquel; Dudley, Jolisa; Maggio, Nicole
Subject: RE: Budget for HR Conference Give-Aways

Wayne, my buddy, my friend....I know we have a budget for promotional items for the conference. Can some of OHRM Services (such as SHCPS) use some of this money to purchase items such as what Margo has asked for??? Should this be wrapped into the items that Raquel is working on????

When you get back, we may want to get together again to talk about exactly what this money is to be used for...I don't want to get myself in hot water. Thanks

Later, in May 2011, Timothy Pleso voiced more concerns about the proposed promotional items. He explained that although he did not want to be the "bad guy," he thought the promotional products should add some degree of learning value to the conferences.

⁷¹ E-mail from Thomas Barritt to Wayne Allen, Ann LaGrone (Mar. 30, 2011).

From: Pleso, Timothy W.
Sent: Thursday, May 05, 2011 1:43 PM
To: Dudley, Jolisa; Thomas, Raquel; Barritt, Thomas
Subject: RE: Promotional Items

Hello Raquel, after reviewing the promotional items, my recommendation is as follows:

Unit Price

Recommendation

Broadway Blue Pen

\$1,700

\$ 0.61

No, although low cost, the hotel provides pens and pads

Trifolio

\$23,000

\$ 8.21

Maybe. I would recommend either the Trifolio or Ultra Hyde Vertical Bag

Hand sanitizer

\$5,100

\$ 1.82

No, no learning value

Ultra Hyde Vertical Bag

\$28,000

\$ 10.00

Maybe. I would recommend either the Trifolio or Ultra Hyde Vertical Bag

Tangle Hub

\$21,000

\$ 7.50

No, no learning value

Clappers

\$2,000

\$ 0.71

No, no learning value

I hate to be the bad guy, but we really need to be careful on what we are wanting to order. We need to keep our costs down and if we do order something, it should have some type of learning value being this is a training conference. I don't think we need to market the VA to VA employees through this event. Also, any items that are purchased, I would limit it to 2200 in lieu of 2800.

Tim

"I hate to be the bad guy, but we really need to be careful on what we are wanting to order. . . . I don't think we need to market the VA to VA employees through this event."

Nevertheless, many items Pleso listed as having no learning value—such as the USB hubs, bags, and padfolios—were ultimately approved as conference promotional items.

Just days before the first conference and after many months of planning, Evelyn Abrams, an employee in the Department's Resource Management Service, inquired about the VA regulations for gifts and mementos. Abrams wrote:

From: Abrams, Evelyn
Sent: Thursday, July 07, 2011 1:13 PM
To: Pleso, Timothy W.
Subject: Gifts & Mementos

Good afternoon,

I'm new here working in HR and hate to be a pest, but could you by chance give me the policy or regulation name and number that you got the information about gifts and mementos. Thank you so much for your help and assistance on this and I truly do appreciate it as well.

Thanks so much and have a wonderful day.

Evelyn

In addition to Thomas' failure to disclose the OGC opinion on promotional products, e-mails reveal this to be one of the rare instances in which a conference planner inquired about the relevant regulations. Apart from this request from a new employee, a nonchalant attitude among employees towards adherence to VA policies and regulations prevailed.

Pleso's response indicated that he was aware of several important aspects of the Department's policy on the acceptance of gifts.

"I wanted to provide you the below regulatory guidance covering gifts and mementos for the HR Conference"

From: Pleso, Timothy W.
To: Barritt, Thomas
Cc: Wood, Anita; Griffin, Melinda; Wakeley, Sara
Sent: Mon Apr 04 10:03:16 2011
Subject: Gifts & Momentos

Good morning Tom, I wanted to provide you the below regulatory guidance covering gifts and mementos for the HR Conference prior to the 4:00pm meeting today. I assume you are planning on purchasing some type of gifts/mementos for the HR Conference but prior to doing so, I want to ensure you are aware of the policy concerning them. If you have any questions, please let me know. This is a highly visible/inspectable area so when in doubt, CYA (Call Your Attorney)©.

Gifts or mementos to employees: Inexpensive gifts or mementos may be distributed to employees to commemorate an event or to convey a message important to the achievement of VA's objectives. Such items must be reasonably necessary to accomplish a mission of the Department and may not have any intrinsic value (i.e., no retail or resale value and cannot be used solely for personal purposes). Examples of gifts and mementos having no intrinsic value include items such as low cost Government pens and pencils, buttons, medals, and magnets.

Tim Pleso

Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

Despite his awareness of the gift policy, Pleso improperly accepted over \$1,700 in gifts, both during site visits and at the actual conferences.⁷² Pleso was not the only VA employee to accept improper gifts. In total, seven VA employees accepted improper gifts totaling almost \$6,000.⁷³ Nevertheless, four of those seven employees received cash bonuses from the Department for planning the conferences.

In late July 2011, a Senior Associate with Booz Allen Hamilton, who handled providing marketing services, proposed that conference planners should give away gift cards at the conferences as an incentive for filling out an opinion survey about the conferences.

From: Chirichiello, Kathi [USA]
Sent: Friday, July 22, 2011 01:33 PM
To: Haradon, David [USA]; Hosea, Kirsty [USA]
Subject: Info needed: holding a small drawing at the VAa HR Conference

David, Kirsty –

Do either of you know, or can you point me in the direction of who would know, the rules surrounding doing a random drawing at the VA HR Conference. We have a survey that we would like users to fill out – in order to bolster participation, we would like to hold some kind of drawing for a small item(s) – like a \$10 or \$20 gift card (paid for out of contract money) or something along those lines. Do you know if there are any rules around doing such a drawing?

Thanks –
Kathi

⁷² IG REPORT, at 27.

⁷³ *Id.* at 31.

Jolisa Dudley admitted she did not know the Department's official position, and asked that Timothy Pleso, Anita Wood, or Melinda ("Meg") Griffin determine whether the giveaways would be appropriate.

From: Dudley, Jolisa
Sent: Friday, July 22, 2011 2:29 PM
To: [REDACTED]
Cc: Pleso, Timothy W.
Subject: Re: Info needed: holding a small drawing a the Va HR Conference

Tim Pleso, Anita Wood or Meg Griffin. Seems harmless, but I don't know official position
Jolisa W. Dudley

Although Timothy Pleso expressed earlier concern about the need for promotional items and gifts to be connected to employee training, he authorized the gift card giveaways at the conferences. He did not advise that OGC or other management-level authority should approve the giveaways. Nor did he express concern about why a federal agency needs to incentivize its employees to fill out surveys. There is no evidence that Pleso or anyone else at VA considered the fact that they could make the surveys mandatory.

From: Pleso, Timothy W.
To: Dudley, Jolisa; [REDACTED]
Sent: Fri Jul 22 15:49:21 2011
Subject: RE: Info needed: holding a small drawing a the Va HR Conference

I don't see an issue, but would recommend you stay under \$20. Is it only for their feedback from a survey?

Jolisa Dudley approved of Pleso's response.

From: Dudley, Jolisa
Sent: Friday, July 22, 2011 3:22 PM
To: Pleso, Timothy W.
Cc: [REDACTED]
Subject: Re: Info needed: holding a small drawing a the Va HR Conference

You da man!
Jolisa W. Dudley

"You da man!"

The Department could have simply required that its employees fill out the surveys. There was no need to use taxpayer dollars to incentivize through gift card giveaways what could have simply been made mandatory. These e-mails also illustrate a broader theme of the conferences; conference planners viewed themselves as the ultimate authority on the conferences, and firmly believed that they did not have to concern themselves with obeying federal laws or employee standards of conduct.

2. Conference Kick-Off

FINDING: The conference planners spent a lot of time and energy planning the kick-off event—often referred to as the “pep rally”—for the conferences. In fact, as the scope of the kick-off event increased, some VA employees became worried that they no longer had sufficient time to handle their regular workloads in addition to conference planning duties.

Conference planners organized a pre-conference kick-off event to create buzz about the conferences. Planners arranged for the kick-off event to be broadcast live on the VA Network in May 2011. Conference planners referred to the kick-off as a “pep rally,” and intended for it to be much more than an announcement about the upcoming conferences. Sepúlveda considered the kick-off to be the “signature event” for the conferences.

From: Dudley, Jolisa
Sent: Wednesday, May 04, 2011 9:55 AM
To: Castillo, Andre Joaquin
Cc: Barritt, Thomas; Woolfolk, Kasia; Shirk, Annie; Maggio, Nicole
Subject: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc
Importance: High

Hi Andre

Not sure if you are aware of this already but the HR Conference Kickoff activity is fast approaching and in addition to introducing the DepSEC, A/S wants to speak. A/S has indicated he considers this his “Signature Event” so in the interest of time, we are helping you can provide us some support.

Can you assist in the preparation of remarks for him to speak for approximately 8-10 minuteswrapping up with his intro of the DepSEC?

As you can imagine the intent of the Kickoff is to get folks excited about the conference, and its broader implications for the HR profession and the Department's mission.

“A/S has indicated he considers this his “Signature Event” so in the interest of time, we are [hoping] you can provide us some support.”

Conference planners saw the kick-off event as their chance to prove to HR management that they were managing the conferences properly and that all planning would be complete and finalized in time.

From: Barritt, Thomas
Sent: Tuesday, May 17, 2011 8:51 AM
To: [REDACTED]; 'Karen Francisco'; 'Robbin Wiggs'; Nyers, Conni; Dudley, Jolisa; Gardner, Johnathan; Maggio, Nicole; Vaughan, Cynthia; Pierce, Tarik; Woolfolk, Kasia; Shirk, Annie; Carter, Rhonda; Moore, Tongela; Allen, Wayne; Gardner, Johnathan; 'Hundt, Jen'
Cc: Musicante, Gary; McMahan, Arthur P, PhD, VALU
Subject: DAS Briefing

I will be in meetings most of the morning. I am asking each one of you to take the lead and be able to brief the DAS as follows:

Kickoff: Jolisa, Annie and Kasia, please go over the whole program from start to finish, if available bring a copy of the music, I will bring my laptop and try to access the film for her review. You need to go over each detail with her so her comfort level is up. Have we scheduled the run through with VALU and EES yet??? Also, there is a program before ours in room 230, will this cause a problem for EES and the production company.

All, don't plan more than 10 minutes for each discussion. Keep comments short and succinct but informative. Have handouts available for all. You all have done a lot of work and put a lot of time into your areas – let's show her the fruits of your labors. Things are falling into place but we have to keep the movement forward. One week until the kickoff and this will be our first test – we need to hit this out of the park to set the stage for the BCE (Big Conference Event) and give a sense of comfort to all our HR Management that we have a handle on the conference.

Thanks, Tom

“[W]e need to hit this out of the park and set the stage for the BCE (Big Conference Event) and give a sense of comfort to all our HR Management that we have a handle on the conference.”

According to an excerpt from an agenda for a conference planning meeting, Raquel Thomas asked about the possibility of having a celebrity appearance at the event.

❖ Kick-Off event: Kasia Woolfolk

1. Scheduled for May 24, 12pm-3pm. Scheduled by Nicole Maggio
2. Coordinate with Prince Taylor and Nicole Maggio
3. Contact VACO Broadcast – want media coverage. Contact Ken Mckenna
4. Raquel

Can we get a celebrity to come to Kick-Off?

1. Can we get a celebrity to come to Kick-Off?
2. Balloons
3. Need to provide Annie with file for posters for Kick-Off

Following up on her celebrity idea for the “Kick-Off,” Thomas contacted the Washington Redskins in May 2011 to ask if the team’s cheerleaders could make a guest appearance.

From: Signe Hilton [REDACTED]
Sent: Monday, May 09, 2011 4:35 PM
To: Thomas, Raquel
Subject: Washington Redskins Cheerleaders

"Your request to have the Washington Redskins Cheerleaders at your event was forwarded to me."

Hi Raquel,

Your request to have the Washington Redskins Cheerleaders at your event was forwarded to me. Unfortunately the date of your event is when our squad is out of the country on their calendar shoot. We do have our Ambassadors available and the charity rate for appearance includes 2 ladies for 2 hours to sign photos, help with the event, take pictures, etc. Let me know if you would like to discuss further!

Thanks very much!

Signe

Signe Hilton
Stadium Production

The cheerleaders were unavailable, but the team representative offered to have "Ambassadors" available to attend the conference kick-off. In her response, Thomas was unconcerned with what the "charity rate" would be for the appearance.

From: Thomas, Raquel
Sent: Monday, May 09, 2011 7:12 PM
To: [REDACTED]
Subject: Re: Washington Redskins Cheerleaders

Could you please explain a little about them? As in do they wear uniforms? Have pom poms...etc

Sincerely,
Raquel R. Thomas
Marketing & Recruitment Outreach Consultant Recruitment & Placement Policy (059)
Office of Human Resources Management
Department of Veterans Affairs

Thomas was more concerned about whether the "Ambassadors" would still look like the team's cheerleaders.

As the scope of the kick-off increased, some conference planners became worried that they no longer had sufficient time to handle their normal responsibilities in addition to conference planning duties. One conference planner expressed concern that the scope of the kick-off had become too great.

From: Shirk, Annie
Sent: Monday, May 09, 2011 11:00 AM
To: Dudley, Jolisa; Woolfolk, Kasia; Thomas, Raquel
Cc: Barritt, Thomas; Kollar, Ellen; Cseplo, Kent
Subject: RE: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc

Good Morning Jolisa,

I was out on sick leave on Friday, and Kasia was out on emergency leave. Additionally, Kasia is out on a review this week and I will be leaving early today. So, not much has been accomplished as far as the items you have addressed. Additionally, I saw that Kasia and I are responsible for coming up with talking points for the speakers. It was my understanding that you and Tom were going to up with those. Did this change during the meeting on Friday? To be frank, with Kasia out, I do not have enough time to accomplish a lot of what needs to be done with my workload. More people need to be assigned for this kick-off. Additionally, I do realize that this a learning experience, but my lack of knowledge of everything that needs to be done for this event leaves me frustrated every time I find out something should have been done or should have been asked for, etc.

Jolisa, I do mean to be directing my frustration at you. It is simply, that every time it seems that Kasia and I get a handle on things, something else comes up, changes, or needs to be done and I am unable to keep up or do not have the time necessary to dedicate to this project. Additionally, before the kick-off was even planned, Kasia informed both Raquel and Tom that she would be gone every other week for already planned stations reviews that would be occurring during the planning of this kick-off. By no fault of her own, this has left things that still need to be done. I believe this is an oversight that should have been addressed before this project even began.

Please know that I am willing to help where I can, but the scope of the kick-off has grown immensely and the work necessary to ensure that kick-off is a success is beyond what I can balance with my regular work. I am fairly sure that Kasia feels the same way.

Please let me know what can be done to address these issues so that the Kick-Off can be accomplished.

Sincerely,

~Annie

~Annie N. Shirk
Program Analyst
Department of Veterans Affairs
Office of Oversight & Effectiveness

"Please know that I am willing to help where I can, but the scope of the kick-off has grown immensely and the work necessary to ensure that [the] kick-off is a success is beyond what I can balance with my regular work."

Because the scope of the kick-off was so expansive, this conference planner was unable to finish many of the tasks that Jolisa Dudley had assigned, such as preparing talking points for the speakers.

Another conference planner echoed concerns about the immense scope of the kick-off event, and the inability of some conference planners to complete their assigned VA work.

From: Kollar, Ellen
To: Dudley, Jolisa; Thomas, Raquel; Barritt, Thomas
Cc: Cseplo, Kent; Shirk, Annie; Woolfolk, Kasia
Sent: Mon May 09 13:14:10 2011
Subject: RE: HRC 2011 Kick-off Program Agenda 5-3-2011 P

"While my service is happy to support the HR Conference, our primary responsibility is the accountability program. The workload that you are assigning for the conference is too much in addition to their regular workload."

The answer is no. In the future, before making assignments to my staff please contact me. As their supervisor, I must remind you that both Kasia Woolfolk Davis and Annie Shirk have responsibilities in Oversight and Effectiveness. While my service is happy to support the HR Conference, our primary responsibility is the accountability program. The workload that you are assigning for the conference is too much in addition to their regular workload. Please look into using event planners from the conference to provide you with support.

Dudley responded that the kick-off work was primarily to support senior-level Department officials such as John Sepúlveda and Tonya Deanes. She accepted no responsibility for assigning VA employees too many conference responsibilities.

From: Dudley, Jolisa
Sent: Monday, May 09, 2011 1:24 PM
To: Kollar, Ellen; Thomas, Raquel; Barritt, Thomas
Cc: Cseplo, Kent; Shirk, Annie; Woolfolk, Kasia
Subject: Re: HRC 2011 Kick-off Program Agenda 5-3-2011 Draft.doc

"As a reminder, planning for [the] conference is to support DAS, and A/S, not me and Tom."

Ellen

We are all busy. As a reminder, planning for conference is to support DAS, and A/S, not me and Tom.

I would have assumed your staff gained your approval prior to volunteering to lead this activity.

However, if they did not and can no longer support, please advise soonest. We should not be placed in the position of having to coordinate every requirement for something of this nature. I am very sensitive to things like this in general

Jolisa W. Dudley

D. Lack of Stewardship of Taxpayer Dollars

Throughout the conference planning process, the Department showed scant regard for taxpayer dollars. Conference planners spent over \$10,000 on pre-planning site visits to various cities and hotels, without knowing whether the hotels they visited would actually bid on a contract for the Department's conferences. Further, during several site visits, VA employees received improper gifts in the form of champagne glasses, spa treatments, and limousine and helicopter rides.

After planners agreed that the conferences would take place in Orlando, planners began to brainstorm ideas for the conferences. These ideas included providing each training classroom with a \$29,000 multimedia podium and renting a photo booth at a cost of \$1,500 per day. Further, planners spent months organizing DJ and karaoke nights, game nights, and a *Patton* parody video, which were all unrelated to employee training. In the end, planners who advocated for these costly expenditures were given special recognition at the conferences and ultimately received cash awards.

1. Site Visits

FINDING: E-mails demonstrate that the VA conference planners treated the site visits to Dallas, Nashville, and Orlando more as vacations than work trips. They enjoyed helicopter rides and other perks from the hotels.

Initially, the VA created an extensive list of potential conference locations across the United States. The list included New Orleans, Austin, St. Louis, Indianapolis, San Diego, Anaheim, and Las Vegas. Las Vegas was the site of the General Services Administration's now-infamous 2010 Western Regions Conference. E-mails show that senior Department officials removed Las Vegas from the list because it "would appear as a boondoggle at taxpayers' expense."⁷⁴

From: Barritt, Thomas
Sent: Friday, September 17, 2010 8:33 AM
To: Pleso, Timothy W. (NTEO); Carter, Rhonda
Cc: Dudley, Jolisa; Maggio, Nicole; Kolen, Debbie; Hummer, Raquel; Wiley, Samia L.; Pierce, Tarik; LaGrone, Ann; Allen, Rayshad Ph.D.; Pryor, Sonya, VBAVACO; Walker, Dot (Dorothy); Myers, Corinn
Subject: Answers to questions

"Las Vegas has been taken off the list by our senior management. I think anything that would appear as a boondoggle at taxpayers [sic] expense must be avoided."

Hi Tim and Rhonda, We are going to push ahead with two conferences. I have run the numbers there are approximately 4,000 HR Professionals – (GS-201 and 203). These do not count the HR Liaisons here in Washington, DC and elsewhere. We would like to push for 1500/1700 at each conference. That would give us approximately 75% which would be an all time record for HR Conferences. We will need to work closely with several people to see what we can do for travel. Most classes will be work sessions, not just talking heads as normal.

A few of us stayed after our meeting yesterday and had a brainstorming conversation about how to do this and where. Your ideas would be greatly appreciated. Las Vegas has been taken off the list by our senior management. I think anything that would appear as a boondoggle at taxpayers expense must be avoided. That said, what about two in the middle of the country and in locations where they may need the business and give us a great deal. We talked about New Orleans, Austin, St Louis, Indianapolis, San Antonio – we did bat around Orlando and San Diego as an east/west coast alternative. Need to talk about guest speakers as well and utilizing LMS as the registration mechanism.

After the list of potential conference locations was narrowed to Dallas, Nashville, and Orlando, seven VA employees made pre-conference visits to determine the conference site.⁷⁵ According to the IG's report, these visits cost \$10,666.⁷⁶ These trips took place before the VA issued the Request for Proposal (RFP)—before the hotels could even submit a bid on the

⁷⁴ E-mail from Thomas Barritt to Timothy Pleso, Rhonda Carter (Sept. 17, 2010).

⁷⁵ IG REPORT at 39.

⁷⁶ *Id.*

contract.⁷⁷ During these visits, employees accepted improper gifts from hotels including meals, spa treatments, gift baskets, show tickets, and limousine and helicopter rides.⁷⁸

Prior to visiting these properties, representatives asked conference planners to inform the Orlando Marriott about any food allergies, so that the hotel staff could prepare special meals for VA employees during their visit. Conference planners were also to inform the Gaylord Hotel in Orlando if they were interested in taking a helicopter ride over Disney property.

From: Wakeley, Sara
Sent: Tuesday, December 07, 2010 3:01 PM
To: Dudley, Jolisa
Subject: Site Visits to Nashville and Orlando

Good Afternoon Ms. Dudley:

I know my requests have been many but at your earliest convenience, please send me your flight information for the site visits to Nashville and Orlando. Please inform me of any food allergies and confirm you will or will not like to attend the helicopter ride over the Disney property.

Sara Wakeley

Department of Veterans Affairs

"Please inform me of any food allergies and confirm you will or will not like to attend the helicopter ride over the Disney property."

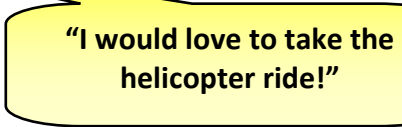
Without pause, Dudley responded affirmatively.

⁷⁸ *Id.* at 25.

From: Dudley, Jolisa [REDACTED]
To: Wakeley, Sara [REDACTED]
Cc: Nyers, Conni [REDACTED]
Bcc: [REDACTED]
Subject: RE: Site Visits to Nashville and Orlando
Date: Tue Dec 07 2010 14:03:13 CST
Attachments: image001.png
image002.jpg

My reservations are still being worked, so I will get them to you as soon as I have them. I don't have any food allergies. I would love to take the helicopter ride!

Jolisa
Jolisa W. Dudley
Executive Assistant
Office of Human Resources Management
Department of Veterans Affairs



When conference planners visited the Swan and Dolphin hotel in Orlando, employees also received improper gifts, including meals. During some site visits, hotel chefs prepared special meals for the conference planners.

From: Wakeley, Sara [REDACTED]
Sent: Monday, December 20, 2010 8:57 AM
To: [REDACTED]; McAlister, Kelly; O'Brien, Nancy; Miller, Ted
Cc: Pleso, Timothy W.
Subject: THANK YOU from the Department of Veterans Affairs

Good Morning:

On behalf of the entire HR Conference Team, I wanted to extend a huge thank you for your hospitality at the Swan and Dolphin last week. Please personally thank the chef for me as the food we were served was amazing!! A few members of our team did eat dinner down on the Boardwalk that night, thank you for the transportation. The hospitality suite was exactly what our team needed for a team meeting in addition to a quick relaxation period.

Ted: It was a pleasure meeting you in person, finally!

Nancy: Your team did a great job taking care of us and I look forward to meeting you in the future.

Our team wishes everyone a very happy holiday season and a wonderful New Year.

Sara Wakeley
Department of Veterans Affairs
Event Management Assistant
VA Learning University

While conference planners received many perks during numerous site visits, they also requested and received overtime pay. For example, on December 15, 2010—the same day conference planners took a helicopter ride—they received overtime pay in addition to their regular pay.

Site Visit Agenda

Wednesday, December 15, 2010	
6:15am	Depart to Orlando (Transportation provided by Gaylord Opryland)
7:45am-10:35am	Fly from Nashville to Orlando
8:50am	Transportation for Onika from Orlando International to Gaylord Palms
10:35am	Transport from the airport to the Gaylord Palms
11:30am-12:30pm	Check-in rooms→Meet in front lobby/Lunch
12:30pm-1:30pm	ICEI (Dress warmly and wear closed toed shoes)
2:30-2:45pm	Helicopter Tour
3:00pm-3:30pm	Team Huddle to discuss the property
3:30pm-5:30pm	Personal Time
3:30pm (tentative)	Transportation for Rhonda from Gaylord Opryland to airport
5:30pm	Dinner at Sunset Sams-Meet in the front lobby

Two conference planners, Timothy Pleso and Sara Wakeley, requested overtime pay for December 15, 2010.

From: Pleso, Timothy W.
Sent: Monday, December 13, 2010 9:47 AM
To: Wood, Anita
Cc: Wakeley, Sara; Marchant, Debra; Wilkerson, Danielle
Subject: Request for OT (Dec 13-17)

Anita, I am requesting the below OT for Sara and I to support the Secretary's program in January.

Pleso - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
12/13/2010	6:30 - 3:00	8.50	Work/Travel	8.50	0.00
12/14/2010	6:30 - 3:00	8.50	7:30am - 5:30pm	10.00	1.50
12/15/2010	6:30 - 3:00	8.50	7:30am - 5:30pm	10.00	1.50
12/16/2010	6:30 - 3:00	8.50	7:30am - 7:30pm	12.00	3.50
12/17/2010	6:30 - 3:00	8.50	Work/Travel	8.50	<u>0.00</u>
					6.50

Wakeley - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
12/13/2010	8:00 - 4:30	8.50	Work/Travel	8.50	0.00
12/14/2010	8:00 - 4:30	8.50	7:30am - 5:30pm	10.00	1.50
12/15/2010	8:00 - 4:30	8.50	7:30am - 5:30pm	10.00	1.50
12/16/2010	8:00 - 4:30	8.50	7:30am - 7:30pm	12.00	3.50
12/17/2010	8:00 - 4:30	8.50	Work/Travel	8.50	<u>0.00</u>
					6.50

Please let me know if you have any questions.

Thank you,

Tim Pleso

Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

Just one hour later, Anita Wood approved both employees' requests for overtime without any questions.

From: Wood, Anita
Sent: Monday, December 13, 2010 10:44 AM
To: Miller, Constance; Wilkerson, Danielle; Pleso, Timothy W.
Cc: Wakeley, Sara; Marchant, Debra
Subject: RE: Request for OT (Dec 13-17)

OT is approved for both folks

Anita

During the December 2010 site visit to the Orlando Marriott, which the Department ultimately selected to host the conferences, the hotel placed Christmas lights and snacks in VA employees' rooms. Each employee also received complimentary champagne glasses. After the visit, one conference planner requested that additional champagne glasses be sent to John Sepúlveda, the Assistant Secretary for Human Resources and Administration.

From: Wakeley, Sara [REDACTED]
Sent: Monday, December 20, 2010 10:24 AM
To: Temby, Bonnie
Cc: Pleso, Timothy W.
Subject: THANK YOU from the Department of Veterans Affairs
Good Morning Bonnie:

On behalf of the HR Conference Team, I wanted to extend a huge thank you for your hospitality during our site visit of the Marriott World Center. The small details of the Christmas lights and the snacks in our rooms were a great help to our whirlwind travel week. Having the iPad full of pictures allowed our team to truly envision what the hotel was capable of in addition to what their rooms would look like. The Power Point was another great tool and I look forward to looking it over in detail.

The champagne glasses were a great touch and I am sure our Assistant Secretary would love to see them. When possible, please send them to:

Sara Wakeley
Department of Veterans Affairs

"The champagne glasses were a great touch and I am sure our Assistant Secretary would love to see them."

In addition, conference planners received aprons from the Orlando Marriott after the site visit, and also asked that the signage options presented during the site visit be sent to the VA.

From: Wakeley, Sara [REDACTED]
Sent: Thursday, December 23, 2010 9:42 AM
To: Temby, Bonnie
Subject: RE: THANK YOU from the Department of Veterans Affairs

We received the glasses, aprons, and your PowerPoint. Thank you! Would it be possible to also have the stars that were on the floor? We wanted to be able to present to the Assistant Secretary the signage options and give him a chance to see those up close. Once again, thank you for everything Bonnie.

Sara Wakeley

E-mails show the visits turned into entertainment-focused vacations. Prior to the Orlando visit, Thomas Barritt, the Special Assistant to the Deputy Assistant Secretary for the Office of Human Resources Management, was excited because Melinda Griffin, the VALU Program Manager in Orlando, would attend the site visit.

From: Griffin, Melinda E.
Sent: Wednesday, March 09, 2011 8:26 AM
To: Paula Antonovich; Pleso, Timothy W.; Barritt, Thomas; Dudley, Jolisa; Robbin Wiggs; Cameron, Heather; Komal Jobe; Komal Jobe; Temby, Bonnie
Cc: Popular-Lawhorn, Karen; Wood, Anita; McMahan, Arthur P, PhD, VALU
Subject: RE: HR Conference Site Visit

Yes, I will attend

Melinda Griffin, VALU Program Manager

Barritt seemed more focused on enjoying himself at the site visits rather than selecting a venue appropriate for training conferences.

From: Barritt, Thomas
Sent: Wednesday, March 09, 2011 7:36 AM
To: Pleso, Timothy W.
Cc: Griffin, Melinda E.
Subject: FW: HR Conference Site Visit

“Wahoo, looks like a good time will be had by all . . .”

Hey Tim, the party animal is coming!!!! LOL

Hey Meg, can't wait to see ya again. Need to talk with you about those films you mentioned and some other ideas.

Wahoo, looks like a good time will be had by all... ☺

Griffin was a local VA employee in Orlando, who could have easily visited the hotels without accruing traveling and lodging expenses. Even so, VA headquarters spent thousands of dollars to fly employees from Washington, D.C. to visit these hotels.

After receiving numerous perks during the Nashville and Orlando site visits, including free meals, spa treatments, and concert tickets, Jolisa Dudley was not ashamed to admit that she was taken “great care of” and received the “star treatment” from the hotel contenders.⁷⁹

From: Dudley, Jolisa
To: Barritt, Thomas; Wakeley, Sara; Pleso, Timothy W.
Sent: Fri Dec 17 17:40:35 2010
Subject: Re: Bugs at breakfast?

Tim and Sara

“Love, love, love the star treatment!”

Forgot to say bye! Thnx 4 taking such great care of me. Love, love, love the star treatment! You guys ROCK! Looking forward to seeing you again soon!

During the Nashville site visit, Timothy Pleso sent a series of e-mails to a fellow conference planner, Sara Wakeley, bragging about the perks he received. He enthusiastically e-mailed Wakeley about his visit to the Grand Ole Opry. He made no mention about whether the site would be appropriate for hosting the conference.

⁷⁹ E-mail from Jolisa Dudley to Thomas Barritt, Sara Wakeley, and Timothy Pleso (Dec. 17, 2010).

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 3:31 PM
To: Wakeley, Sara
Subject: Gran ole oprey

Had lunch on the stage of the gran ole oprey and Jimmy Wayne came and did a personal performance of about 6 songs. He gave us autographed pictures and cd.

Pretty cool!

Wakely, who did not attend the Nashville site visit, jealously responded to Pleso's e-mail. She did not question him about his trip to the Grand Ole Opry during a VA business trip—a trip to determine whether certain hotels could manage the size of the conferences.

From: Wakeley, Sara
To: Pleso, Timothy W.
Sent: Wed Oct 13 14:32:53 2010
Subject: RE: Gran ole oprey

I f---ing hate you!

Sara Wakeley

Later that same day, Pleso also informed Wakeley of his visit to the Country Music Hall of Fame.

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 4:25 PM
To: Wakeley, Sara
Subject: Re: Gran ole oprey

Great site visit, at the country music hall of fame.

"Great site visit, at the country music hall of fame."

Again, Wakeley responded with resentment.

To: Pleso, Timothy W.
Sent: Wed Oct 13 15:31:33 2010
Subject: RE: Gran ole oprey

I am not sure how many times I can tell you that I hate you.

Sara Wakeley

While on the same Nashville site visit, Pleso again e-mailed Wakeley to express his excitement about visiting another entertainment hot spot—the Wildhorse Saloon. He did not explain why a visit to the Wildhorse Saloon was relevant to whether Nashville could be a viable host for the conferences.

From: Pleso, Timothy W.
Sent: Wednesday, October 13, 2010 5:09 PM
To: Wakeley, Sara
Subject: Re: Gran ole oprey

At the Wildhorse Saloon!!!

Instead of questioning Pleso about why he was visiting the Wildhorse Saloon during a business trip on behalf of the VA, Wakeley only questioned whether he was drinking during a site visit.

From: Wakeley, Sara
To: Pleso, Timothy W.
Sent: Wed Oct 13 16:09:19 2010
Subject: RE: Gran ole oprey

What the hell are you talking about? Did you drink during this site visit?!

Sara Wakeley

Although Pleso denied that he was drinking while on the clock during the visit, he confirmed that he would be drinking after hours.

From: Pleso, Timothy W.
To: Wakeley, Sara
Cc:
Bcc:
Subject: Re: Gran ole oprey
Date: Wed Oct 13 2010 16:10:24 CDT
Attachments:

Not yet! Cocktail hour. I'm off the clock.

He was not ashamed to quickly respond to Wakeley that he would be drinking soon.

From: Pleso, Timothy W.
To: Wakeley, Sara
Sent: Wed Oct 13 17:15:11 2010
Subject: Re: Gran ole oprey

I can feel some good burbon hitting my lips soon!!!

These e-mails demonstrate that the planned business purpose for conducting the site visits quickly became an afterthought, especially after the hotels showered planners with gifts, entertainment perks, and lodging upgrades. Neither Pleso nor any of his colleagues seemed concerned about any repercussions for the way they conducted the site visits. Further, they displayed no prudence in spending taxpayer dollars.

2. Illegal Kickbacks

Federal law prohibits Executive Branch employees from soliciting or accepting anything of value from a person seeking official action from, doing business with, or conducting activities regulated by the individual's employing community, or whose interests may be substantially affected by the performance or nonperformance of the individual's official duties.⁸⁰ Additionally, any employee or person acting for or on behalf of any department or agency of the federal government who seeks, receives, or accepts anything of value personally for or because of any official act to be performed may be fined and/or imprisoned for up to two years.⁸¹ The Standards of Conduct for Employees of the Executive Branch also prohibits acceptance of gifts from a prohibited source or given because of an employee's official position.⁸²

A gift may include any gratuity, favor, discount, entertainment, or other item having monetary value.⁸³ Despite strict laws prohibiting federal employees' acceptance of certain gifts, eleven Department employees improperly accepted gifts in connection with the conferences.⁸⁴ Every Department employee who participated in pre-conference site visits to Dallas, Texas, Nashville, Tennessee, and Orlando, Florida, accepted gifts which violated federal law.⁸⁵ During these site visits, conference planners accepted illegal gifts including show tickets, helicopter and limousine rides, spa treatments, meals, and gift baskets.⁸⁶ In addition, planners also accepted improper gifts during the actual conferences.⁸⁷ Department employees accepted improper gifts totaling \$5,981.⁸⁸

In particular, Timothy Pleso solicited additional gifts from the Orlando Marriott in connection with the hotel's contract award for the conferences.⁸⁹ Because Pleso played a role in evaluating which hotel should receive the contract award for the conferences, he signed a confidentiality agreement.⁹⁰ But, before the contract was awarded, he improperly communicated with the Marriott about their status on the list of hotels being considered by the Department.

⁸⁰ 5 U.S.C. § 7353(a) (2006).

⁸¹ 18 U.S.C. § 201(c)(1)(B) (2003).

⁸² 5 C.F.R. § 2635.201 (2007).

⁸³ 5 C.F.R. § 2635.203 (2007).

⁸⁴ IG REPORT, at 24.

⁸⁵ *Id.* at 25.

⁸⁶ *Id.* at 27-31.

⁸⁷ *Id.* at 31.

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

From: Pleso, Timothy W. [REDACTED]
Sent: Monday, February 14, 2011 5:28 PM
To: Temby, Bonnie
Subject: RE: Receipt for Marriott

Thank you Bonnie, we are still evaluating the proposals. All I can say is from our recommendation, you are on the short list and we hopefully for more than one program. **Please keep this between you and me** and don't quote me to Joan. I don't want it to look like we are communicating about the proposals. I just want to keep you in the loop so you know we are interested.

The next step is the acquisition piece so I hope in the next 10 days or so we will have a definite answer.

Thank you!
Tim

Pleso improperly communicated to a Marriott representative that the hotel was on the "short list" of the venues the Department was considering for the contract award.⁹¹ His communication with the Marriott provided confidential information to a contract bidder, and was therefore improper.

When the Marriott was eventually awarded the contract in March 2011, Pleso solicited a gift for himself in exchange for the information he provided to the hotel representative.

From: Pleso, Timothy W. [REDACTED]
Sent: Tuesday, March 08, 2011 10:31 AM
To: Temby, Bonnie
Subject: RE: Depart of Veteran affairs

Thank you Bonnie, I did want to talk with you about a personal item...my family is going to come with me during one of these conferences. How would it work to get an extra/joining rooms. I wasn't sure what type of rooms would be available. It would be myself, my wife and three teenagers.

This is an oddity because my family never comes with me during my programs.

Thank you!
Tim

The Marriott met his request, and reserved a King Suite and one standard double room for him.⁹² Pleso paid \$90 per night for one room for seven nights, which was the per diem rate.⁹³ The value of the adjoining room at the per diem rate for a seven night period would have been \$709.⁹⁴

⁹¹ E-mail from Timothy Pleso to Bonnie Temby (Feb. 14, 2011).

⁹² IG REPORT, at 33.

⁹³ *Id.*

⁹⁴ *Id.*

Pleso accepted the gift which he solicited from the Marriott in violation of federal law.⁹⁵ Because of his unethical conduct and potentially criminal activity, the IG referred his conduct to the Department of Justice for consideration of possible criminal prosecution.⁹⁶ DOJ declined to bring a criminal case against Pleso.⁹⁷

3. Reckless Spending and Jokes about Adding Unnecessary Costs

From site visits to planners' inquiries about adding multimedia podiums and a photo booth rental to the conference tab, planners were reckless when it came to how they planned to spend taxpayer dollars. As expenditures increased, conference planners seemingly became focused on how much money could be spent rather than on whether they were spending wisely.

Just a few weeks prior to the first conference in July 2011, employees joked about purchasing multimedia podiums, which cost \$15,000 to \$29,000, for each classroom at the conference.⁹⁸

⁹⁵ 5 U.S.C. § 7353(a) (2006).

⁹⁶ IG REPORT, at 33.

⁹⁷ Dep't of Veterans Affairs, Office of Inspector Gen., Briefing (Oct. 24, 2013).

⁹⁸ E-mail from Thomas Barritt to Timothy Pleso (Jul. 7, 2011).

From: Barritt, Thomas
Sent: Thursday, July 07, 2011 4:49 PM
To: Pleso, Timothy W.
Cc: [REDACTED]
Subject: FW: LT Multimedia Podium for Conference or Training Room Presentations

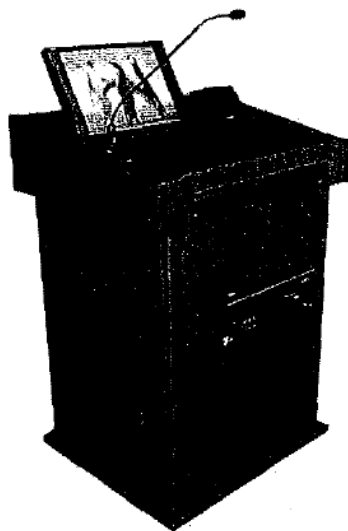
Tim, this is what we want for each classroom. Can ya make it happen good buddy????

LOL!!!!

From: Lisa Rleken [REDACTED]
Sent: Thursday, July 07, 2011 5:39 PM
To: Barritt, Thomas
Subject: LT Multimedia Podium for Conference or Training Room Presentations

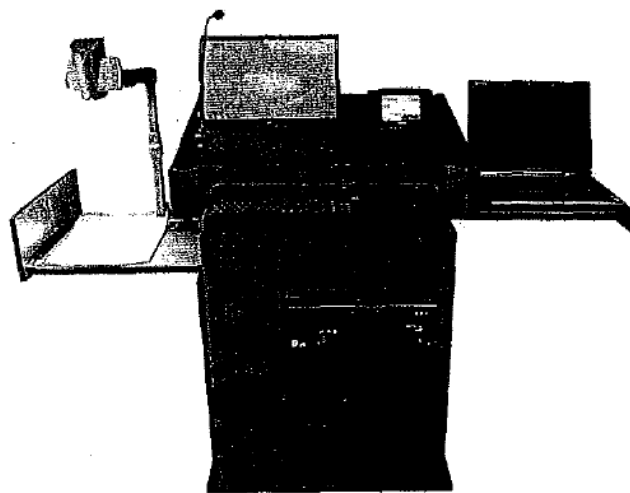
NEW LT Multimedia Podium For Conference or Training Room Presentations

(with wide screen video format)



Closed dimensions:

26.25" deep
32-5/8" wide
47-1/2" high



Open dimensions:

34-3/4" deep (with keyboard tray out)
70-5/8" wide
53.25" high (from top of monitor down)

Nomad Technologies offers flexible configurations within the LT Multimedia Podium, which range from **\$15,166 to \$29,192+** depending on the presentation equipment needs of your organization.

Before both conferences took place, planners were already looking to organize the next training conference. A Senior Associate with Booz Allen Hamilton suggested that conference planners should have a "feedback and traffic generator" area at the conferences, where participants could suggest improvements for future conferences. The Booz Allen Hamilton

Senior Associate suggested that there should be a photo booth at the conferences to “get people talking,” at a price of \$1,500 per day.⁹⁹

From: Hosea, Kirsty [USA]
Sent: Thursday, June 16, 2011 5:12 PM
To: Dudley, Jolisa
Subject: HR conference - feedback and traffic generator

Jolisa,

To follow up on our conversation, here's an interesting way to get ideas from others at the conference.

Feedback and Traffic Generator:

1. Set aside a room or designated space at the conference to collect feedback.
2. Set out two tables, cover them with Butcher paper, markers and post-it notes
3. Each table should have 1-2 probing questions to get targeted responses – e.g. a) ‘What **Speakers** would you like to see in the future?’, “What do you want more of?”, “What do you think we can do better”, “who was your favorite speaker?”, “What you like to see next year?”
4. Have people write on the post-it notes their ideas and stick them onto the butcher paper. As people see what others have written, they tend to agree with particular comments or add to them with their own post-it.
5. Encourage people during the plenaries to add their feedback, maybe read out a couple of examples of the ideas people posted. At the end of the conference, you have candid feedback that will help you plan for next year. You can also send an email to the participants after the conference to thank them for their feedback and tell the top five ideas you got from the exercise. This demonstrate you heard what they said and that you intend to take action.

This room or space would be a great place to have our VALU Wall. People always love to see their pictures. We can post them on the ‘wall’ with the statement of what they “VALU” – then the room really becomes a feedback place!

If you **REALLY** want the area to get a buzz – rent a photo booth – that will get people talking. We would retain the photos for the wall, but it's a novelty that will get people talking. The cost is about \$1,500 per day, but of course we can create impact just have our people take photos and engage them in conversation.

For your consideration,

Cheers,
Kirsty

“If you REALLY want the area to get a buzz – rent a photo booth – that will get people talking.”

“The cost is about \$1,500 per day”

Dudley agreed that the Booz Allen Hamilton Associate proposed great ideas. Her only concern was whether planners could find the proper amount of space at the conference venue. She asked Alice Muellerweiss, the Dean of VALU, whether she liked the idea.

⁹⁹ E-mail from Kirsty Hosea to Jolisa Dudley (Jun. 16, 2011).

From: Dudley, Jolisa
Sent: Thursday, June 16, 2011 4:19 PM
To: Muellerweiss, Alice (SES)
Cc: Barritt, Thomas
Subject: FW: HR conference - feedback and traffic generator

Wouldn't this be neat for the Conference if we can find the space?



Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

Muellerweiss agreed.¹⁰⁰

From: Muellerweiss, Alice (SES)
Sent: Thursday, June 16, 2011 6:13 PM
To: Dudley, Jolisa
Cc: Barritt, Thomas
Subject: RE: HR conference - feedback and traffic generator

yes

As Dean of VALU, Muellerweiss could have rejected these proposed conference expenditures. She chose instead to let these plans move forward. Contractors at Booz Allen Hamilton also helped to produce a two-minute video for the conferences about VALU.¹⁰¹

The VA conference planners—who planned and managed a pair of conferences that trained 1,800 employees for \$6.1 million—received rewards for their work. In fact, 17 employees received Special Contribution Awards for their efforts related to the 2011 HR Conferences.¹⁰² Despite the fact that both Thomas Barritt and Jolisa Dudley contributed to the expensive conference price tag, they each received cash awards of \$5,500.¹⁰³

¹⁰⁰ E-mail from Alice Muellerweiss to Jolisa Dudley (Jun. 16, 2011).

¹⁰¹ E-mail from Kirsty Hosea to Alice Muellerweiss (Jun. 19, 2011).

¹⁰² IG REPORT, at 76.

¹⁰³ *Id.*

From: Wiley, Samia L.
Sent: Friday, July 15, 2011 5:22 AM
To: Pleso, Timothy W.; [REDACTED] Maggio, Nicole; Carter, Rhonda; Moore, Tongela; Thomas, Raquel; Gardner, Johnathan; Nyers, Conni; Pierce, Tarik; Vaughan, Cynthia
Cc: Wiley, Samia L.
Subject: Gift of Appreciation

Good Morning 2011 BCE Team!!!

Last day of ACT 1!!!! Whooooo Hooooo! You all deserve a round of applause as we have all worked tirelessly to ensure total success of this week! Congrats!

Please make sure to see me this morning. I have a card for both Jolisa and Tom which I would like us all to sign. Also, with the funds collected amongst the team I was able to purchase a \$50 Nordstrom gift card for Jolisa as well as a bouquet of colorful carnations and \$50 in sporting goods gift cards for Tom. This will be presented to them today on stage by the ENTIRE team as a token of our appreciation of their hard work and dedication to this conference.

Make sure to see me early this morning and of course this is a surprise so SHHHHH..... :-)

See you guys in a sec!

Best Regards,

Samia

These employees were also recognized at the conferences for their planning efforts, and were presented with gift cards and flowers.¹⁰⁴ Rewarding employees who spent hundreds of thousands of taxpayer dollars without remorse only contributes to a culture of waste, mismanagement, and inefficiency.

4. Disconnect Between the Purpose of the Conferences and the Money Spent

FINDING: The Department conference planners focused their energy on entertainment activities—such as DJ and karaoke nights and game nights—rather than employee training. Some of these planners then rewarded their own efforts during the conferences with massages, manicures and pedicures at the hotel spa, while getting paid.

The stated purpose of the conferences was to provide employee training. Yet, conference planners spent an inordinate amount of time organizing activities entirely unrelated to employee training. For instance, conference planners organized DJ and karaoke nights, game nights, and a *Patton* parody video. While attending the August 2011 conference, planners rewarded themselves with massages at the Orlando Marriott's luxurious spa on a day that some of them received both their regular pay as well as overtime pay.

¹⁰⁴ E-mail from Samia Wiley to Timothy Pleso, Nicole Maggio, Rhonda Carter, Tongela Moore, Raquel Thomas, Johnathan Gardner, Conni Nyers, Tarik Pierce, & Cynthia Vaughan (Jul. 15, 2011).

After conference planners secured the Orlando Marriott as the host hotel for the conferences, some planners were quick to express room preferences.

From: Allen, Wayne
To: Barritt, Thomas
Sent: Sat Mar 05 08:33:57 2011
Subject: Re: 2011 HR Conference

I'd like to have a room with a view. Preferably with a "bumped-out" bay window.

Thanks

Wayne

In response to Wayne Allen's preference for a room with a view, Thomas Barritt noted that the hotel had executive suites available as well.

From: Barritt, Thomas
To: Allen, Wayne
Cc:
Bcc:
Subject: Re: 2011 HR Conference
Date: Sat Mar 05 2011 08:59:54 CST
Attachments:

"There is an executive suite available without bumped out window but it overlooks the pool and comes with binoculars!!"

There is an executive suite available without bumped out window but it overlooks the pool and comes with binoculars!!

E-mail discussions that took place during the planning phase for the conference agenda for training classes confirmed that planners were not at all concerned about ensuring that attendees received the maximum amount of training possible. For example, just weeks before the first conference, the conference project manager informed Thomas Barritt that conference programming would end early on one particular day during the July conference.

From: Karen Francisco [REDACTED]
Sent: Thursday, June 30, 2011 4:14 PM
To: Hundt, Jen; Watkins, Richard Lee; Agramonte, Tinisha; [REDACTED] Minor, Jennifer L.; Cenatiempo, Anna; Pager-Williams, Eileen; Pitts, Deonne; Davis, Lynne; DeAngelo, Cynthia; Henson, Lewis (ORM); Malone, Darlene; Bowlin, Gerald (AIRC); Torres, Mario; Rodensky, Robin; Cash, Maureen, VHACIN; [REDACTED]; Doyle, Erin; Brown, Dadian
Cc: Barritt, Thomas; Robbin Wiggs; Komal Jobe; Raymond, Patty; Jennifer Davis; Min Batstone; [REDACTED]
Subject: HR Thursday Afternoon Class Offerings

Hello All,

This applies to those that are facilitating/instructing on Thursday – July 14th.

Please be advised that all Thursday afternoon classes will now start at 2:30pm and end at 4:30pm. (This includes all 4hr courses – Part 2 of the class).

Best,

Karen Francisco
 Conference Project Manager

Barritt was elated with the news.¹⁰⁵ He did not question why classes would end early, and whether early dismissal was wise given the amount of money spent.

From: Barritt, Thomas
Sent: Thursday, June 30, 2011 4:25 PM
To: 'Karen Francisco'
Cc: Dudley, Jolisa; 'Robbin Wiggs'; Pleso, Timothy W.
Subject: RE: HR Thursday Afternoon Class Offerings

WOOHOO – early day – PARTY!!!!

“WOOHOO – early day – PARTY!!!!”

Just like Barritt, Timothy Pleso was also focused on the “party” aspect of the conferences.¹⁰⁶

From: Pleso, Timothy W.
Sent: Thursday, June 30, 2011 4:27 PM
To: Barritt, Thomas
Subject: RE: HR Thursday Afternoon Class Offerings

“The whole week will be a party Tom, what are you talking about?”

The whole week will be a party Tom, what are you talking about?

Discussions about arranging nightly extracurricular activities show that the planners’ saw the conferences as recreation primarily. In late June 2011, one conference planner proposed that the VA should organize a “70s/80s/90s Dance Party.”

¹⁰⁵ E-mail from Thomas Barritt to Karen Francisco (Jun. 30, 2011).

¹⁰⁶ E-mail from Timothy Pleso to Thomas Barritt (Jun. 30, 2011).

From: Pierce, Tarik
Sent: Tuesday, June 28, 2011 11:29 AM
To: 'Robbin Wiggs'; Pleso, Timothy W.
Subject: FW: DAS Meeting 6-28-11

Hey guys!

Just checking in about this email from Tom. Do we have room numbers yet? I am thinking we can finalize the schedule, we just need rooms. In replacement of the movie night, I am planning to propose an 70s/80s/90s Dance Party. Thoughts, Robbin?

Also, Tim, I will make the bus schedule and take care of Tom's question on the call. I will have the schedule done within the next half hour.

Talk soon!

Tarik S. Pierce

Timothy Pleso fully supported the idea to organize a dance party.

From: Pleso, Timothy W.
Sent: Tuesday, June 28, 2011 2:39 PM
To: Pierce, Tarik
Subject: FW: HR Conf. Dance Party

Tarik, you are more than welcome to contact Ryan Owens at the MWC. He is in charge of our AV and will work with you on the Dance Party. Here is the deal, you can use whatever equipment we have already contracted. The only thing you can't do is incur any additional costs.

Ryan may have some ideas for the Disco Party!

Tim

After weeks of planning, dance parties – called “Dance of the Ages” – took place at both the July and August conferences. Conference attendees could “party to the ‘oldies’ music from the past” at these events.



HR Conference 2011 Activities & Entertainment

Day	Activity	Time / Location	Information
Thursday, July 14	Morning Stretch Activity & Walk	06:00 am – 07:00 am (meet in hotel lobby)	Facilitated by Tarik Pierce
	Universal Studios, Island Adventure Complimentary Shuttle Service	05:00 pm – 10:30 pm (meet at Hotel entrance)	Visit Universal Studios, Island Adventure. Shuttles depart from Orlando World Hotel every 30 minutes from 5:00 pm. Departure from Downtown Disney starting 5:30 pm, until 9:30 pm. Taxi service required after 9:30 pm.
	Spades Tournament	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during final Rounds 3 & 4.
	Dance of the Ages: 70's, 80's 90's Dance Party	09:00 pm – 11:00 pm Crystal Ballroom	Party to the "oldies" music from the past.

Pleso also worked to organize a DJ and karaoke night. Conference planners scheduled the DJ and karaoke nights for the July and August conferences. A planner, Tarik Pierce, wrote to Pleso asking him about the status of the DJ and karaoke nights.

From: Pierce, Tarik
Sent: Thursday, June 30, 2011 9:20 AM
To: Pleso, Timothy W.; 'Robbin Wiggs'
Subject: RE: DAS Meeting 6-28-11

Tim:

Where are we on the DJ and location for the karaoke?

BTW, I am working with Ryan on the Dance Party.

Thank you, Tim, for all you do!

Tarik S. Pierce

Senior VA leadership did not ask whether it would be proper to organize nightly entertainment activities that were unrelated to employee training. According to the Activities and Entertainment agenda, conference attendees could “laugh, joke and sing with colleagues, friends and family” during each karaoke night.¹⁰⁷ In the end, the audiovisual contractor charged the VA \$862.50 for one employee to operate the karaoke equipment.¹⁰⁸

¹⁰⁷ HR Conference 2011 Activities and Entertainment Agenda.

¹⁰⁸ Performa Invoice, Orlando World Center Marriott, Am. Audio Visual Center (Aug. 12, 2011).



HR Conference 2011 Activities & Entertainment

Day	Activity	Time / Location	Information
Wednesday, July 13	Morning Stretch Activity & Walk	06:00 am -- 07:00 am (meet in hotel Lobby)	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm -- 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors -- table seating available.
	Stretch Activity	03:40 am -- 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:20 pm -- 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Celebrity Charades	08:00 pm -- 10:00 pm Grand Ballroom 7 A/B	Join the laughs as teams join together for entertaining fun with Charades.
	Karaoke	09:00 pm -- 11:00 pm High Velocity Lounge	Laugh, joke and sing with colleagues, friends and family during karaoke.

Conference planners also organized Spades tournaments and Celebrity Charades game nights during each of the conferences.



HR Conference 2011 Activities & Entertainment

Day	Activity	Time / Location	Information
Tuesday, July 12	Morning Stretch Activity & Walk	06:00 am – 07:00 am (meet in hotel Lobby)	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm – 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors – table seating available.
	Stretch Activity	03:40 am – 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:10 pm – 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Downtown Disney Complimentary Shuttle Service	05:00 pm – 10:00 pm (meet at Hotel entrance)	Explore the experience of Downtown Disney – dining, shop and entertainment. Shuttles depart from Orlando World Hotel every 30 minutes from 5:10 pm – 9:30 pm. Departure from Downtown Disney starting 5:30 pm, until 10:00 pm. Taxi service required after 10:00 pm.
	Spades Tournament	08:30 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during Rounds 1 & 2.
Wednesday, July 13	Morning Stretch Activity & Walk	06:00 am – 07:00 am (meet in hotel Lobby)	Facilitated by Tarik Pierce
	Exhibit Hall Open	12:00 pm – 01:30 pm Grand Ballroom 7 A/B	Spend lunch networking with various exhibitors – table seating available.
	Stretch Activity	03:40 am – 03:50 pm Crystal Ballroom	WIN sponsored activity during afternoon break.
	Exhibit Hall Open	05:20 pm – 07:00 pm Grand Ballroom 7 A/B	Featuring over fifteen Department of Veterans Affairs exhibits.
	Celebrity Charades	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the laughs as teams join together for entertaining fun with Charades.
	Karaoke	09:00 pm – 11:00 pm High Velocity Lounge	Laugh, joke and sing with colleagues, friends and family during karaoke.
Thursday, July 14	Morning Stretch Activity & Walk	06:00 am – 07:00 am (meet in hotel Lobby)	Facilitated by Tarik Pierce
	Universal Studios, Island Adventure Complimentary Shuttle Service	05:00 pm – 10:30 pm (meet at Hotel entrance)	Visit Universal Studios, Island Adventure. Shuttles depart from Orlando World Hotel every 30 minutes from 5:00 pm. Departure from Downtown Disney starting 5:30 pm, until 9:30 pm. Taxi service required after 9:30 pm.
	Spades Tournament	08:00 pm – 10:00 pm Grand Ballroom 7 A/B	Join the fun, compete with colleagues or just watch the excitement during final Rounds 3 & 4.
	Dance of the Ages: 70's, 80's 90's Dance Party	09:00 pm – 11:00 pm Crystal Ballroom	Party to the "oldies" music from the past.

In addition to organizing nighttime social events, conference planners spent \$49,516 to produce a *Patton* parody video. The 18-minute video is a parody of the opening scene of the movie *Patton*. It featured an actor who portrayed actor George C. Scott's General Patton, and was meant to be motivational and humorous to conference attendees.¹⁰⁹ It is unclear what value – if any – the \$50,000 video added to the conferences.

Conference planner Timothy Pleso spearheaded the production of the *Patton* video. Despite the price tag, Pleso wrote to the production company, Reel Impact, stating that he thought the videos were great.¹¹⁰

¹⁰⁹ IG REPORT, at 15.

¹¹⁰ E-mail from Timothy Pleso to Adam Crosley (Jul. 18, 2011).

From: "Pleso, Timothy W." [REDACTED]
To: Adam Crosley [REDACTED]
Sent: Mon, Jul 18, 2011 15:41:46 CDT
Subject: RE: last week's HR conf

"The videos were great along with the real Gen Patton. I actually enjoyed it."

Hello Adam, yes, it was great to finally meet you in person. The videos were great along with the real Gen Patton. I actually enjoyed it.

As far as our BPA, we aren't going to do one for AV. We have the EES one to use if need be. If anything changes, I will be sure to let you know.

Thanks again!
Tim

Conference planners also wanted to expand on the parody video. In June 2011, Thomas Barritt asked if the actor who played General Patton in the video could appear at the conferences for a fee of \$700 per day, in addition to travel and expenses. He did not mention how the actor's appearance would relate to employee training or VA's mission in general.

From: Barritt, Thomas
Sent: Thursday, June 09, 2011 12:46 PM
To: Gardner, Johnathan; Magglo, Nicole;
Cc: Musicante, Gary; Dudley, Jolisa
Subject: Cost for General Patton

"Carl just called and the cost for the actor who plays General Patton is \$700 a day plus travel and expenses."

Carl just called and the cost for the actor who plays General Patton is \$700 a day plus travel and expenses. I think Johnathan has him scheduled for Thursday – he would arrive on Wednesday, stay the night, do his thing Thursday morning and leave on Thursday.

Carl, please confirm and what is his contact information – name, telephone number, address, etc???

Who is going to honcho this from start to finish?? This needs to be done quickly????

Thanks, Tom

After receiving Barritt's request, Jolisa Dudley asked Tonya Deanes if it would be permissible for the General Patton actor to speak at the conferences.

From: Dudley, Jolisa
Sent: Thursday, June 09, 2011 12:11 PM
To: Deanes, Tonya (SES)
Subject: FW: Cost for General Patton

Importance: High

Ma'am

Think he qualifies as a Plenary Speaker...are you comfortable with this, before we go too far down the road?



Jolisa W. Dudley
VA Learning University (VALU)
Department of Veterans Affairs

All conference speakers were to speak on topics bearing some relationship to human resources issues. In her e-mail, Dudley wondered whether the actor would even qualify as a speaker, and whether Deanes would be comfortable approving his appearance. Despite Dudley's cautious e-mail, however, Deanes did not share any of these concerns.

From: Deanes, Tonya (SES)
Sent: Thursday, June 09, 2011 12:35 PM
To: Dudley, Jolisa
Subject: RE: Cost for General Patton

Yes, ok

The same VA employees who scheduled the DJ and karaoke and game nights, dance party, and *Patton* parody video received gifts for their supposed dedication to the conferences. Conference planners improperly accepted spa treatments during both the conferences and the pre-conference site visits, totaling \$890.00.¹¹¹

¹¹¹ IG REPORT, at 31.

From: Pleso, Timothy W. [REDACTED]
Sent: Thursday, August 11, 2011 02:27 PM
To: Temby, Bonnie
Cc: Adams, Bill
Subject: Spa Treatments

Hi Bonnie, I have our spa treatments.

Jolisa Dudley – Swedish Massage 6:00pm today
Tim Pleso – Our Signature Massage 2:30 tomorrow
Sara Wakeley – Double Happiness Manicure & Pedicure 2:30 tomorrow
Tom Barritt – Our Signature Massage Saturday morning early

THANK YOU!!!!!!

Tim Pleso

Senior Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

From: Wakeley, Sara [REDACTED]
To: Barritt, Thomas [REDACTED] Pleso, Timothy W.
Cc: [REDACTED]
Bcc: [REDACTED]
Subject: Re: I am starving
Date: Fri Aug 12 2011 16:20:28 CDT
Attachments:

"We just got back from the spa!"

We just got back from the spa! I could shower and meet you. I am starving too! Let me know where you want to go!

The same day that conference planners received spa treatments, some planners received their regular pay as well as overtime pay. For example, Timothy Pleso requested overtime pay on August 12, 2011—the same day he had a massage scheduled in the middle of the afternoon.

From: Pleso, Timothy W.
Sent: Friday, August 05, 2011 8:31 PM
To: Wood, Anita
Cc: Marchant, Debra; Wakeley, Sara
Subject: Request for OT - HR Conference

Hi Anita, request OT for the HR Conference next week for Sara and I.

The following duties will be performed outside of normal hours:

- Pre-event meetings
- Conference set-up
- Venue and logistics coordination
- Registration
- Contracting duties
- COTR management of the logistical contracts
- Daily AAR's
- Conference close-out

Pleso - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
8/6/2011	Day Off	0	5:00pm - 7:30pm	2.5	2.5
8/7/2011	Day Off	0	9:00am - 7:00pm	10	10
8/8/2011	6:30 - 3:00	8.5	6:30am - 9:00pm	14.5	6
8/9/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/10/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/11/2011	6:30 - 3:00	8.5	6:30am - 6:30pm	12	3.5
8/12/2011	6:30 - 3:00	8.5	6:30am - 3:30pm	10	0.5
					<u>29.5</u>

Anita Wood appeared to approve Pleso's overtime request, without asking for any additional clarification or explanation on the list of duties for the overtime period that Pleso provided.

From: Wood, Anita
Sent: Saturday, August 06, 2011 1:02 AM
To: Pleso, Timothy W.
Cc: Marchant, Debra; Wakeley, Sara
Subject: RE: Request for OT - HR Conference

Approved

Pleso also wrote to Anita Wood to request approval of Sara Wakeley's overtime pay.

From: Pleso, Timothy W.
Sent: Friday, August 05, 2011 8:31 PM
To: Wood, Anita
Cc: Marchant, Debra; Wakeley, Sara
Subject: Request for OT - HR Conference

Hi Anita, request OT for the HR Conference next week for Sara and I.

The following duties will be performed outside of normal hours:

- Pre-event meetings
- Conference set-up
- Venue and logistics coordination
- Registration
- Contracting duties
- COTR management of the logistical contracts
- Daily AAR's
- Conference close-out

Wakeley - OT

Date	Regular TOD		Anticipated Work	Total	Overtime
8/8/2011	8:00 - 4:30	8.5	6:30am - 9:00pm	14.5	6
8/9/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/10/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/11/2011	8:00 - 4:30	8.5	6:30am - 6:30pm	12	3.5
8/12/2011	8:00 - 4:30	8.5	6:30am - 3:30pm	10	0.5
					17

Wakeley's request included overtime pay on August 12, 2011,¹¹² which was the same day that she received a manicure and pedicure at the hotel spa. Wood also approved Wakeley's overtime pay.

E. Disconnect Between Budget Numbers and Employees' Views of Cost Savings

FINDING:	Some Department employees believed they should receive rewards for saving the Department money even though the budget for the VA conferences had spiraled out of control.
-----------------	--

Conference planners wasted hundreds of thousands of taxpayer dollars. Incredibly, these same VA employees believed they were saving the government money during negotiations with the Orlando Marriott, contractors, and vendors. The Department originally signed an agreement

¹¹² E-mail from Timothy Pleso to Anita Wood (Aug. 5, 2011).

with the Orlando Marriott for a firm-fixed-price contract for \$335,800.¹¹³ The contract was ineligible for any modifications. Timothy Pleso, however, negotiated to increase the audiovisual costs under contract with the Orlando Marriott by nearly \$145,000.

From: Pleso, Timothy W.
Sent: Thursday, July 07, 2011 11:41 AM
To: Dixon, Joan
Subject: FW: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Hi Joan, here is the most updated proposal for the AV. It is a little less than we talked about yesterday, but it includes everything.

Bottom Line

Equipment: \$117,557.00
Discounts: \$36,167.50
Service Charge: \$4,106.40
Labor: \$54,450.00
Taxes: (will be removed before invoice) \$4,614.35
Event Grand Total: \$144,560.25

Tim

When Pleso informed the other conference planners of the audiovisual price increase, he explained that he thought the planners and he should be rewarded for their negotiation skills.¹¹⁴

From: Pleso, Timothy W.
Sent: Thursday, July 07, 2011 11:49 AM
To: Wood, Anita
Cc: Wakeley, Sara
Subject: FW: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Anita, you know, as an incentive in contracting, we should get rewards based on our negotiation powers© Sara just had one for yesterday for about \$4,900.

Seriously, I would like to keep a running total of how much of discounts we actually get to show we really are trying to save money.

Tim

"Seriously, I would like to keep a running total to how much of discounts we actually get to show we really are trying to save money."

Anita Wood, a fellow conference planner, agreed that he should keep a record of discounts he received.

¹¹³ IG REPORT, at 50.

¹¹⁴ E-mail from Timothy Pleso to Anita Wood (Jul. 7, 2011).

From: Wood, Anita
Sent: Thursday, July 07, 2011 9:16 PM
To: Pleso, Timothy W.
Cc: Wakeley, Sara
Subject: RE: DVA HR Conference - July - Orlando World Center Marriott Audio Visual Proposal

Sounds like a good thing to do.

Anita

Prior to the August 2011 conference, conference planners discussed transportation options to the conference hotel. A Human Resources Program Analyst, Nicole Maggio, contacted several conference planners with a list of flights, and asked whether several planners should carpool to the airport.

From: Maggio, Nicole
To: Pleso, Timothy W.; Wakeley, Sara; Barritt, Thomas; Dudley, Jolisa; Moore, Tongela; Carter, Rhonda
Sent: Thu Aug 11 22:45:08 2011
Subject: VIP/HRC Staff Transportation snap shot for Friday

FRIDAY 8/12 DEPARTURES (VIP)

Dana Bowman American Airlines #1593 12:10pm – leave by 10:10am (mentioned wanting to stay later..may change)

Esra Ozben US Airways #1880 1:10pm – requested to leave by 10:30am

Tonya Deanes US Airways #1880 1:10pm – leave by 11:10am

Brian McVeigh Airtran #492 4:00pm – leave by 2:00pm (waiting on new flight information, wants to leave earlier)

John Sepulveda ?? back to resort with family??

Dr. Vance ??Have not heard back from him??

Scott Gould **please see Rhonda for more details

FRIDAY 8/12 DEPARTURES (HRC Staff)

Tongie Moore US Airways #1278 1:10pm – leave by 11:10am

Jolisa Dudley JetBlue #694 6:25pm – leave by 4:25pm

Kimberly Jackson Southwest #409 11:55pm – leave by 9:55pm

Nicole Maggio Delta #5812 2:08pm – leave by 12:08pm

Raquel Thomas Delta #5812 2:08pm – leave by 12:08pm

**Raquel, Tongie, and I could all leave in one car @11:15am???

Nicole L Maggio, MA

Strategic Human Capital Planning Service (053)

Office of Human Resources Management

Although the Department spent \$2.5 million on travel for the conferences,¹¹⁵ Dudley thought it was prudent to travel together to the hotel.

From:	Dudley, Jolisa [REDACTED]
To:	Maggio, Nicole [REDACTED] [REDACTED] Pleso, Timothy W. [REDACTED] Wakeley, Sara Barritt, Thomas [REDACTED] [REDACTED] Moore, Tongela [REDACTED] Carter, Rhonda [REDACTED]
Cc:	
Bcc:	
Subject:	Re: VIP/HRC Staff Transportation snap shot for Friday
Date:	Fri Aug 12 2011 04:27:20 CDT
Attachments:	image001.png image002.jpg
<hr/> My HERol One car idea. Is prudent too! Didn't think we provided trans to Dr Vance Jolisa W. Dudley	

Conference planners somehow believed that miniscule savings meant they had saved significant taxpayer dollars during the conference planning and execution. Negotiating audiovisual costs and carpooling to the hotel saved a tiny fraction of the overall cost of the conferences. If conference planners had created an efficient budget from the outset and stuck to it, the Department could have saved taxpayers millions of dollars.

¹¹⁵ IG REPORT, at 61.

VII. Damage Control

Two *Washington Post* stories that criticized federal agency conference spending prompted VA officials to prepare talking points and conference planners to question costs and conference events. In this manner, the Department engaged in damage control before the VA Office of Inspector General or this Committee became aware of the conferences. Even during the early planning stages, conference planners' e-mails indicated that they had concerns that the conferences might reflect poorly upon the VA, especially given the persistently poor economic climate. Still, planners and their supervisors did not take any steps to control expenses.

A. VA Developed a Response to a Washington Post Story that Criticized Excessive Conference Spending

FINDING:	After critical articles in the <i>Washington Post</i> about federal agency conferences, the Department went on the defensive and developed talking points to protect its image.
-----------------	--

Just a few days after the first conference, an article appeared in the *Washington Post*, which was critical of pricey conferences held by federal departments and agencies. The article discussed the Office of Government Ethics' upcoming conference at the luxurious Orlando Marriott resort—the same hotel used for the VA conferences. In response, the Department developed a set of talking points to justify its own conferences. Through the talking points, planners attempted to justify the conferences by arguing that attendees could travel to Orlando at a relatively low cost, and the conferences would offer courses to train 75 percent of all VA human resources professionals.

1. "Ethics on the Links in Orlando"

On July 21, 2011, *Washington Post* journalist Al Kamen wrote a story entitled "Ethics on the Links in Orlando." The story criticized the Office of Government Ethics' upcoming September 2011 conference at the Orlando Marriott.¹¹⁶ He mentioned that the resort hotel offered amenities including a 7000-yards championship golf course, a full-service spa, and six tropical pools complete with poolside bars.¹¹⁷ He explained that the resort's location—just minutes away from Walt Disney World and Universal Studios—made it attractive to conference guests who wished to bring their families along.¹¹⁸

Kamen's article was highly critical of the fact that the Office of Government Ethics was holding an ethics conference in Orlando when ordinary Americans were struggling given the poor economy.¹¹⁹ The Office of Government Ethics responded to this criticism by emphasizing

¹¹⁶ Al Kamen, *Ethics on the Links in Orlando*, WASH. POST, Jul. 21, 2011.

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

the Marriott's inexpensive hotel rates, low registration fees, and employee training purpose as justification for the conferences.¹²⁰

2. VA's "Talking Points"

On July 22, 2011, John Sepúlveda e-mailed senior VA officials including Secretary Shinseki's Chief of Staff, John Gingrich, to give them a "heads up" about Kamen's article.

From: Sepulveda, John U. (EX)
Sent: Friday, July 22, 2011 3:04 PM
To: Gingrich, John (SES); Evans, Joan M. (EX) (Mooney); Naylor, Nathan (SES); Galloucis, Michael (SES)
Cc: Torres, Rafael A. (SES) ORM
Subject: Today's AI Kamen story
Importance: High

Head's Up:

In today's Washington Post, Federal Page columnist Al Kamen had a somewhat critical piece on the Office of Government Ethics' national conference at the Marriott World Hotel and Conference center in Orlando. His main point was that even during this period of terrible budget deficits, federal employees are still holding costly conferences in tourist centers like Orlando.

As it turns out, our August "One HR " training conference will be at the same hotel mentioned in the column. (As you know we completed the first HR training conference at this hotel last week where we had about 1,000 HR folks from around VA. We expect another 1,100 HR professionals to attend the August training conference.)

In the spirit of potential risk management, I have staff preparing a fact sheet and talking points to go later today to the COSVA, OPIA and OCLA that will explain and justify our two HR training conferences at this particular hotel, just in case someone decides to contact Al Kamen or another news outlet or even a member of Congress.

If you have any questions, please feel free to contact me or Ralph or Tonya Deanes.

Thanks

"I have staff preparing a fact sheet and talking points . . . that will explain and justify our two HR training conferences at this particular hotel, just in case someone decides to contact Al Kamen or another news outlet or even a member of Congress."

Noting that the VA would hold its August conference at the same Orlando Marriott, Sepúlveda directed staff to create talking points to be sent to the Chief of Staff, the Office of Public and Intergovernmental Affairs, and the Office of Congressional and Legislative Affairs to justify and defend the conferences.

Kamen eventually did request information from the Department about its HR conferences in Orlando. The Department provided Kamen with a copy of the conference agenda as well as the talking points. The talking points explained that the goal of the conferences was to have approximately 75 percent of all VA HR professionals attend the training courses.¹²¹ The

¹²⁰ *Id.*

¹²¹ VA HR Conference Talking Points (July 22, 2011).

Department pointed out that it had selected the Orlando location because of inexpensive hotel rates and flights.¹²² Further, the Department chose the Orlando Marriott as the conference hotel because it provided support staff and facilities that could accommodate the conference size.¹²³

Although the purpose of the talking points was to minimize concerns about the VA's conference spending, the Department's arguments were largely inaccurate. The conferences trained about 1,800 employees—only 45 percent of the VA's nearly 4,000 HR professionals.¹²⁴ Conference planners did not primarily focus their planning resources on the purpose of the conferences, which was to train employees. E-mails revealed that planners prioritized the organization of social events instead. Further, the talking points failed to mention that the lack of a budget had resulted in severe financial mismanagement.

B. Follow-up Story in the Washington Post Singles Out the VA Conferences

Al Kamen's second article on government conferences appeared in the *Washington Post* on July 26, 2011. In his follow-up article, Kamen discussed specific details of the upcoming August 2011 VA conference, such as the game and karaoke nights.¹²⁵ After the article was published, e-mails show that conference planners were irritated that Kamen scrutinized the conferences, believing that the negative press was misplaced.

1. "What Would Jesus Cut?"

Kamen's second article again sharply criticized federal agency conference spending.¹²⁶ He explained that with just five hours of training sessions on some days, conference attendees had ample time to participate in extracurricular activities.¹²⁷ The article questioned the relationship between the purpose of the conferences and the VA's nightly activities including game and karaoke nights, as well as optional water aerobics, meditation, and Pilates classes available to all conference attendees.¹²⁸

2. E-mail Reactions to July 26, 2011 Article

Immediately after the second article was published, Sepúlveda notified conference planners. One conference planner, Jolisa Dudley, alleged that Kamen was an "irresponsible journalist," who was not interested in "facts or accuracy."¹²⁹ Dudley believed any criticism of the conferences was unjustified.

¹²² *Id.*

¹²³ *Id.*

¹²⁴ VESO Leadership, *supra* note 2.

¹²⁵ Al Kamen, *What Would Jesus Cut?*, WASH. POST, July 26, 2011.

¹²⁶ *Id.*

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ E-mail from Jolisa Dudley to Tonya Deanes and Thomas Barritt (Jul. 27, 2011).

From: Dudley, Jolisa
Sent: Wednesday, July 27, 2011 9:51 AM
To: Deanes, Tonya (SES); Barritt, Thomas
Subject: Re: Today's Kamen Column

This guy is an a**, and clearly not interested in facts or accuracy which makes him an irresponsible journalist. He obviously can't add either; 5 hour days...

I think we can all feel good about our spirit/intent; I hope our leadership does too.

R
Jolisa W. Dudley

Like Dudley, Thomas Barritt agreed that Kamen's criticism of the conferences was unwarranted, and that his article amounted to "twisted facts."¹³⁰

From: Barritt, Thomas
Sent: Wednesday, July 27, 2011 9:11 AM
To: Dudley, Jolisa; Deanes, Tonya (SES)
Subject: RE: Today's Kamen Column

Agree with Jolisa, I think he knew he had nothing to report on (besides twisting facts that were sent to him). The whole story sounded poorly written - as if he were trying to make something out of nothing - reporting on 'after hour' activities???? Give me a break. Tattle when we have a sign-in roster - and the problem with that is???? 5 hours of training instead of 8 - Math problems as a kid???? Would love to do some research and see if he ever took family with him to a conference or business trip - maybe his idea of skipping out on the conference came from him doing it??? The fact that it is the last item in his column (buried on page A-15) with the attempt at the sarcasm that was used in his first conference article (and failed), tells me he had a slow news day - very irresponsible reporting - would love to send a letter to the editor about him but don't want to give it anymore leg than he has attempted to give it. Oh by the way, his comment to VA was "ours sounded like a typical conference" - hmmm, didn't see that anywhere in his article.

Too bad there will be some people on the Hill that will try to politicize this under the current climate.

Drive On!!!! BCE lives on!!!!

He believed the article was an example of "irresponsible reporting," and alleged that the article was published only because of a "slow news day."¹³¹

When conference planners criticized Kamen's article, they failed to recognize how much money they had blown on the conferences. The Department's goal to provide HR employee training was worthwhile. The conference planners, however, behaved as if they had a blank check to spend taxpayer dollars as they wished—regardless of whether the expenses were related to employee training or not.

¹³⁰ E-mail from Thomas Barritt to Jolisa Dudley and Tonya Deanes (Jul. 27, 2011).

¹³¹ *Id.*

C. Concerns From a Former Inspector General About Scrutiny

During the conference planning phase, Timothy Pleso became concerned about the scope of the kick-off event. He explained that he had heard rumors that conference planners intended to arrange for a celebrity appearance. He also became concerned that the media would find out about the conferences. He explained that he was a former Inspector General for the Army, and in an effort to “keep our boss(s) out of jail,” conference planners needed to remain focused solely on planning employee training courses to benefit HR professionals.¹³²

From: Pleso, Timothy W.
Sent: Wednesday, April 06, 2011 10:34 AM
To: Barritt, Thomas; Dudley, Jolisa
Cc: Wood, Anita
Subject: HR Conference Concerns

Good morning Tom & Jolisa, I have some areas of concern for the HR Conference and I want to raise them to you so they can be addressed before we go much farther in our conference planning.

1. I heard we are planning a “kick-off” for the conference to all VA employees. This concerns me because the conference is internal to the HR community only and if it is communicated to the entire VA, there may be interpretations that everyone is invited.
2. I heard rumors that the “kick-off” may have celebrity presence (i.e. Will Smith). This raises major concerns for a few reasons. Any time a celebrity is involved, media is not far behind. In today’s economy, as a government agency, we need to be extremely conscious of the public eye and tax dollar spending. I would highly recommend the “kick-off” be kept professional and only communicate to those who are involved.
3. I’m concerned some of the committee members are making too much hoopla for the event. We need to be conscious of the mission behind the conference and it seems like we are losing focus on that. The focus should be on the training for our HR Professionals and how that will benefit the Veteran. That should be the only reason for the conference.

In my previous life (in the Army) I was an IG; which is why I am a worry wart and I look for areas that will keep our boss(s) out of jail. These may all be rumors, but I wouldn’t feel right if I didn’t raise the concern.

Please let me know if you have any questions.

Tim Pleso

Event Manager/Contracting Officer
Department of Veterans Affairs
VA Learning University (VALU)

“In my previous life (in the Army) I was an IG; which is why I am a worry wart and I look for areas that will keep our boss(s) [sic] out of jail.”

Pleso’s concern that conference planners lost sight of the employee training purpose was odd because he himself had led the effort to spend \$50,000 on a *Patton* parody video, approved wasteful promotional products, attended numerous site visits, accepted improper gifts, and increased the firm-fixed-price contract with the Orlando Marriott by nearly \$145,000. Unfortunately, sending one e-mail was insufficient to reverse the Department’s history of irresponsible spending.

¹³² E-mail from Timothy Pleso to Thomas Barritt & Jolisa Dudley (Apr. 6, 2011).

D. Conference Photos

FINDING:	Although conference planners believed the <i>Washington Post</i>'s criticism was unfounded, the Department attempted to hide photos of extracurricular activities that took place at the VA conferences.
-----------------	---

Although conference planners took the lead in planning extracurricular events for attendees, they later attempted to hide evidence of these activities. During the conference planning, VA employees planned nightly activities such as game nights, karaoke, and trips to Downtown Disney. After the conferences were over, however, these employees thought it best not to release any photos that showed attendees consuming alcohol. For example, some employees asked how attendees could access photos from the conferences. Thomas Barritt advised that any photos that showed drinking should not be released.

From: Barritt, Thomas To: Dudley, Jolisa Sent: Tue Sep 06 12:46:52 2011 Subject: Re: Pictures from Conference
--

I would stay away from any pictures that show any drinking - and there are some. We may want to go through them.

Jolisa Dudley chose to broaden the scope of photos that the VA would not release.¹³³

From: Sent: To: Cc: Subject:	Dudley, Jolisa Tuesday, September 06, 2011 11:58 AM Barritt, Thomas Thomas, Raquel Re: Pictures from Conference
---	---

Yes, we would stay from most of extra activities
Jolisa W. Dudley

Apparently some conference planners were finally beginning to understand that the public might not be sympathetic to certain conference activities done at taxpayer expense. They certainly did not want these conference events to lead to public scrutiny of their actions.

E. Cost Questioning

FINDING:	Just a couple of months before the conferences were held, senior Department officials were surprised to learn that the conferences had become so expensive. Nevertheless, they made virtually no effort to curb costs.
-----------------	---

During the planning process, senior VA officials, including Secretary Shinseki's Chief of Staff, John Gingrich, and the Assistant Secretary for Human Resources and Administration, John

¹³³ E-mail from Jolisa Dudley to Thomas Barritt (Sept. 6, 2011).

Sepúlveda, questioned the extravagant conference costs. Despite their concerns, they failed to take action to reduce expenditures. After the conferences, the Department conducted a “SWOT” (Strengths, Weaknesses, Opportunities, and Threats) analysis to discuss the conferences. The conference planners stated in the analysis that it was their job to be **“good stewards of the taxpayers’ dollars,”** and they remained confident that **“each dollar was spent prudently.”**¹³⁴

1. VA Chief of Staff Questions Conference Costs

Secretary Shinseki’s Chief of Staff, John Gingrich, had authorized \$8 million for three HR conferences to train approximately 3,000 employees on December 20, 2010.¹³⁵ When Gingrich learned that the overall cost of the conferences would be \$8.3 million, he became concerned. More than four months later, on April 29, 2011, he instructed one of his employees to find out if there was any way to reduce costs.¹³⁶ He asked those senior leaders in charge of conference planning to provide a list of the “essential requirements” for the conferences.¹³⁷

From: Denny, Frank
Sent: Friday, April 29, 2011 4:35 PM
To: Sepulveda, John U. (EX); Torres, Rafael A. (SES) ORM
Cc: Biggs-Silvers, Catherine (SES)
Subject: RE: Proposed FY 2011 Training Initiatives & Conferences signed with a note from COSVA - HOT

The Chief of Staff is asking “If these is a way to cut these costs and what are the essential requirements.” He though the overall cost of \$8.3 was “questionable.”

It was unclear whether Gingrich became aware that the scope of the conferences had drastically changed from his initial authorization. Instead of three conferences, there would be two conferences that would train considerably less than 3,000 HR employees.

Apart from preparing a response memo, the planners took no further action to reduce costs. Although Gingrich voiced his concerns late in the planning process, his inquiry was not too late for conference planners to reduce expenditures. He expressed his unease about conference expenditures before many unnecessary expenses were finalized. There was still time for the Department to eliminate the promotional items, the *Patton* parody video, audiovisual charges and catering in excess of the Marriott contract, which could have saved at least \$430,000.¹³⁸

¹³⁴ VA Human Resources Conferences SWOT Analysis (Aug. 31, 2011) (emphasis added) [hereinafter SWOT Analysis].

¹³⁵ IG REPORT, at 37.

¹³⁶ E-mail from Frank Denny to John Sepúlveda & Rafael Torres (Apr. 29, 2011).

¹³⁷ *Id.*

¹³⁸ IG REPORT, at i-ii.

2. Sepúlveda Failed to Address the Conference Price Tag

Assistant Secretary for Human Resources and Administration John Sepúlveda was responsible for staying on top of the plans the senior executives under his supervision had made for the HR conferences. He led the division responsible for organizing training conferences for VA employees. Not until John Gingrich raised concerns, however, did Sepúlveda even realize the colossal cost of the conferences.

From:	Sepulveda, John U. (EX)
Sent:	Monday, May 02, 2011 12:48 PM
To:	Denny, Frank
Cc:	Patemaster, Mara T.; Biggs-Silvers, Catherine (SES)
Subject:	RE: Proposed FY 2011 Training Initiatives & Conferences signed with a note from COSVA - HOT
Frank	
Call me. I did not realize it was going to be so much.	

After realizing for the first time that the conference costs were huge, Sepúlveda still had time to act. The IG found that time and again, throughout the conference planning process, Sepúlveda “abdicated his responsibilities” by failing to provide effective oversight to his staff.¹³⁹ At several points during the conference planning process, spending could have been curbed and cut. Instead, the conferences became the spotlight of two *Washington Post* articles, an IG investigation, and a Committee investigation. If Sepúlveda had provided effective oversight from the start of conference planning, it is possible that conference costs could have been drastically reduced and millions of taxpayer dollars saved.

3. “SWOT” Analysis

After the August 2011 conference, conference planners conducted a “SWOT” analysis to assess the conferences’ “Strengths, Weaknesses, Opportunities, and Threats.” According to the analysis, the conferences’ strengths were the Orlando Marriott’s size, staff, and quality, low cost flights and hotel rates in Orlando, audiovisual services, computer rentals, and on-site IT support.¹⁴⁰ Some of these “strengths,” proved costly. For example, computer rentals alone totaled \$26,088.¹⁴¹ Travel for conference attendees totaled nearly \$2.5 million, while the Orlando Marriott expenses totaled \$509,377.¹⁴²

When VA employees analyzed the conferences’ weaknesses, planners noted that many conference attendees did not attend training sessions because they were spending time at nearby

¹³⁹ IG REPORT, at i.

¹⁴⁰ SWOT Analysis, *supra* note 135.

¹⁴¹ IG REPORT, at 61.

¹⁴² *Id.*

attractions, including Disney theme parks. Instead of suggesting that the conference should have been held in a different city with fewer distractions, conference planners proposed that in the future, the VA should provide personal scanning and monitoring devices—for an additional \$50,000—to monitor attendance.¹⁴³

For the conference opportunities analysis, planners suggested that future government conferences should also be held at the Orlando Marriott because the hotel was “eager for more government business.”¹⁴⁴ They made this suggestion even after two *Washington Post* articles had criticized the hotel’s luxurious amenities.

When the conference planners assessed the “threats” to the conferences, they emphasized their belief that the Orlando Marriott was the “best choice” considering the “cost and value.”¹⁴⁵ They stated, however, that political leaders and the media would consider the conference a “boondoggle” due to the poor economy.¹⁴⁶ According to VA employees, however, the conferences were the “absolute opposite” of a waste of time and money, and future conferences were necessary to provide proper training to employees.¹⁴⁷

The conference planners acknowledged that it was their “responsibility to be good stewards of the taxpayers’ dollars,” and asserted that they did their “duty ensuring every dollar was spent prudently.”¹⁴⁸ Both the actual costs of the conferences and e-mails among conference planners and senior leadership prove the exact opposite occurred. Unfortunately, the Department failed miserably to exercise responsible stewardship of taxpayer dollars and protect against waste and mismanagement.

F. VA Response to a Request for Information from the House Committee on Veterans’ Affairs

On February 2, 2011, the Department received a request from the House Committee on Veterans’ Affairs to report any information regarding conferences scheduled to take place outside of the Washington, D.C. area during FY 2011. The VA Office of Congressional and Legislative Affairs (OCLA) notified Department officials, and advised that because Congress was likely looking for areas to reduce government spending, employees should provide explanations as to the relationship between the FY 2011 planned conferences and the Department’s mission of providing support to veterans and their families.¹⁴⁹

¹⁴³ SWOT Analysis, *supra* note 135.

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ E-mail from Justin Brown to Glenn Haggstrom, et al. (Feb. 2, 2011).

From: Brown, Justin (VACO)
Sent: Wednesday, February 02, 2011 10:28 AM
To: Haggstrom, Glenn D. (SES); Love, Shana; Heimrich, Fran; Naylor, Nathan (SES); Manga, Cathy; Snyder, Robert (SES); Newsome, Earl S., III; McClenney, Lucretia (SES); Hearn, Joycelyn; Lazier, Raynell; Schettler, David K. (SES); Muro, Steve (SES) VACO
Cc: Greenberg, Ken (SES); Evans, Joan M. (EX); Jacobs, Joshua; Hall, Terrye Lynn
Subject: High priority-- FY11 Conferences/training Inquiry

Good morning Team,

We received a request from HVAC-R for a list of VA conferences being held outside the DC area through the end of the Fiscal Year. We need information regarding all conferences/training sessions that have taken place or will take place in FY11 for the following offices OALC, OPIA, OPP, OSP, Minority Vets, NCA, and Women Veterans.

I have attached a spreadsheet that includes the specific items requested by the committee. The additional items which were not requested are the purpose/justification section and a section to include any statutory requirements, if any, for such a conference or training. Please provide thorough information in these sections. Congress is likely looking for items to cut or highlight as examples of government wasting taxpayer's dollars. So please provide sound explanations as to what each conference is and why it is important for our nation's Veterans. These may also provide ample questions for Members of Congress at this year's budget hearing so please assist us in making sure that the Secretary has the information he needs regarding these individual conferences and training sessions.

Team VHA also proposed to include information regarding our solicitations for locations, and hotel contracts, and stated that we had a previous letter that we could pull from. Any other justifications we have regarding conferences and hotel selections are welcomed. Any detailed information that we can provide on the front-end to emphasize cost effectiveness in site/hotel selection assists us in defraying the argument that we are picking destination locations.

OCLA emphasized that Department employees needed to provide detailed information on the cost-effectiveness for conference locations to assist in the effort to refute the argument that the Department chose "destination locations" for its conferences.¹⁵⁰

In response, Timothy Pleso identified several areas of conference planning that typically lead to increased costs, including audiovisual, meals, speakers, evaluations, and location expenses.

¹⁵⁰ *Id.*

From: Pleso, Timothy W.
Sent: Friday, February 11, 2011 3:27 PM
To: Wood, Anita; Griffin, Melinda E.
Cc: Wakeley, Sara
Subject: RE: Reminder Immediate Action Required: FY11 Conferences

Anita, Meg and I were talking and "if/when" we are told we need to reduce our costs in training conferences, it is our recommendation that we establish a VALU policy on what we can and will pay for; and what we can't and won't pay for.

For example, some items/services drastically increase the cost of programs which include, but are not limited to:

- Complexity of audio visual. For instance, if a program want to record a venue, you automatically increase the cost by \$3-15K per day. It can get extremely expensive and, in my opinion, has very little return on investment. Another area is utilizing the audience response systems. The range of cost for these items can fluctuate between \$8-20K. Again, very little return on investment.
- Meals – although meals are deductible on an individual traveler's expense report, they can still be extremely costly because very few venues have meal options at the gov't per diem rate; therefore, we tend to spend a lot more than is deducted from expense reports. The issue here will be...SES's wanting to over-ride the policy and say a meal is mission essential. But, if we eliminate these in the MOU's, then they can figure a way to pay for their own meals if necessary. The only exception, in my mind, will be the SES programs directed by the 10th floor. Their justification would be to maximize their time and security reasons.
- Speakers – in my opinion, all speakers should be under \$2500 to be price reasonable. Some agencies, like OPIA, like to get high profile/powerful speakers in the several thousands of dollars range. Again, what is the ROI?
- Evaluations – although evaluating our training sessions is measured by ROI; which is derived from level 1, 2, 3 & 4 evaluations. We typically only do levels 1 & 2 evaluations because 3 & 4 evaluations are too costly; but is it really necessary to conduct level 1 & 2 evaluations on every instance of training? This is a huge cost driver and should be looked at closely.
- Locations – maybe setting a maximum for our locations might not be a bad idea per the message today from the congressional. It would help eliminate certain venues right off the bat so we don't waste our time evaluating venues that won't be chosen due to price unreasonableness.

Well, these are just some thoughts in case we need to come up with ideas on reducing our overall conference costs. The only way this policy would work is if we received total support from our leaders in VALU, HR&A, & above. If not, then we (our office) will look like naysayers.

Tim

Pleso explained that even minimal audiovisual services tend to increase total audiovisual costs at conferences significantly.¹⁵¹ He wrote that, for example, if each conference program is recorded, audiovisual costs increase by \$3,000 to \$15,000 per day, with very little return on investment.¹⁵² Further, he explained that audience response systems also cause a dramatic increase in audiovisual expenses, costing anywhere from \$8,000 to \$20,000.¹⁵³

When Pleso discussed the issue of conference locations, he suggested that the VA should set a maximum price point for potential venues.¹⁵⁴ He explained that this would be helpful during the early stages of conference planning, so that venues that exceed the set price would be automatically eliminated.¹⁵⁵ Indeed, had Pleso's suggestions been implemented before planning began, the costs of the HR conferences would have significantly been reduced or even eliminated certain costs.

Although Pleso suggested two significant areas for saving taxpayer dollars—audiovisual expenses and pre-planning site visits—he did not act on his own suggestions. For instance, as an employee who attended numerous pre-planning site visits, he could have suggested that the HR conferences be held closer to D.C. and/or in a city with fewer distractions for attendees. The Department chose a “destination location” for the two conferences, leading many attendees to take advantage of nearby Disney theme parks instead of attending training classes.

Although Pleso had several ideas for cost savings measures, he led efforts throughout the conference planning process that dramatically increased the total conference price tag. For example, as previously discussed, he organized the *Patton* parody video and increased the firm-fixed-price contract audiovisual expenses by nearly \$145,000.

Although he stated in his e-mail to OCLA that efforts to reduce overall conference costs are only effective if there is “total support” from VA's senior executives,¹⁵⁶ Pleso fails to acknowledge the role he played in runaway conference spending.

VIII. Have They Learned from Their Mistakes?

More than two years have passed since these conferences took place. The money is long gone. Moving forward, the Department must take measures to protect against future waste and mismanagement. The Department must implement effective changes to its oversight and budgetary processes to ensure that future expenditures for employee training simply cannot mushroom. It can start by making sure that employees use common sense in planning conferences. Start with a budget. Stick to it. Spend money that is not your own wisely.

Inspector General Opfer's report contained many recommendations for how the VA could prevent future conference spending turmoil. The IG's recommendations centered on

¹⁵¹ E-mail from Timothy Pleso to Anita Wood & Melinda Griffin (Feb. 11, 2011).

¹⁵² *Id.*

¹⁵³ *Id.*

¹⁵⁴ *Id.*

¹⁵⁵ *Id.*

¹⁵⁶ *Id.*

changes that need to be made to the Department's acquisitions process,¹⁵⁷ interagency oversight,¹⁵⁸ and legal and technical reviews of commitments, expenditures and liabilities exceeding \$25,000.¹⁵⁹

Shortly after the release of the IG's report, the Department hired two contractors to conduct reviews of the VA's training and conference policies and procedures. The Department also created new conference guidance for employee training, permissible cost figures, and internal oversight mechanisms.¹⁶⁰ Although the VA formed new guidelines, it remains to be seen whether the Department will implement these measures to prevent future wasteful conferences.

A. VA Responded by Hiring Expensive Contractors to Evaluate Conference Spending

On March 7, 2013, the Department finally provided a briefing to Committee staff about the Orlando conferences. In a Department memorandum issued on September 26, 2012, which was provided to Committee staff in preparation for a March 7, 2013, briefing, Secretary Shinseki's Chief of Staff explained that the Department hired two contractors to conduct two external, independent reviews of the VA's training and conference policies, principles, and procedures.¹⁶¹

During the March 7 briefing, Committee staff asked several questions about the contractors, including the cost of the contracts. The Department was unable to provide answers. The Department finally provided a response on May 30, 2013, stating that the two reviews cost nearly \$400,000.¹⁶²

The first assessment—which cost \$211,544—reviewed the Department's training requirements, including its trainee selection and effectiveness measures.¹⁶³ The second assessment—which cost \$188,045—reviewed the Department's policies for training conference planning.¹⁶⁴ The review focused on the VA's internal controls over the conference planning process, and practices the Department could implement to reduce conference expenditures.¹⁶⁵ Both contractors provided reports to the VA detailing their findings and recommendations.¹⁶⁶

The Chief of Staff's September 26, 2012, memorandum stated the Department would publish a "Conference Planning, Execution, and Oversight" directive and handbook during the

¹⁵⁷ IG REPORT, at 36.

¹⁵⁸ *Id.* at 48.

¹⁵⁹ *Id.* at 95.

¹⁶⁰ Memorandum from Chief of Staff, Dept. of Veterans' Affairs to Under Secretaries, Asst. Secretaries, & Other Key Officials, *Dept. of Veterans' Affairs Conference Oversight* (Sept. 26, 2012) [hereinafter VA Memorandum].

¹⁶¹ *Id.*

¹⁶² Staff Questions, *supra* note 62.

¹⁶³ *Id.*

¹⁶⁴ *Id.*

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

third quarter of FY 2013.¹⁶⁷ The Department, however, has not yet published this directive and handbook.

B. Conference Guidance

The Chief of Staff's September 26, 2012, memorandum explained that the Department would implement new conference guidance. The guidance includes several changes to the Department's permissible conference expenditures, supervisory controls, and ethics training for conference planners.¹⁶⁸

The guidance prohibits conferences where the projected costs are greater than \$500,000.¹⁶⁹ If costs exceed \$500,000, the Secretary must personally approve a waiver.¹⁷⁰ With respect to the Department's supervisory controls over conference planning, each office must brief the Chief of Staff on a quarterly basis regarding any anticipated conferences.¹⁷¹ Each office that is involved with planning a conference must establish internal supervisory controls, such as the designation of a Responsible Conference Executive (RCE).¹⁷² The RCE must certify that due diligence was exercised throughout the conference planning process, which includes standards such that planners are not to spend money on promotional items, entertainment, or motivational speakers.¹⁷³ Further, the Department has implemented mandatory ethics training for all employees involved with planning conferences.¹⁷⁴ Supervisors are required to certify that all planners have participated in training courses.¹⁷⁵

C. Disciplinary Action

In the aftermath of the conferences and Inspector General Opfer's report, some Department officials stepped down, and another assumed different duties within the Department. The Assistant Secretary for Human Resources and Administration, John Sepúlveda, resigned September 30, 2012—the same day the IG released his report.¹⁷⁶ The IG Report determined that Sepúlveda lied to OIG investigators when he denied any involvement with the *Patton* parody video.¹⁷⁷ Before the video was shown at the conferences, however, he previewed it and agreed with the concept.¹⁷⁸

¹⁶⁷ VA Memorandum, *supra* note 161.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.* at 2.

¹⁷⁰ *Id.* at 2-3.

¹⁷¹ *Id.* at 3.

¹⁷² *Id.* at 5.

¹⁷³ *Id.*

¹⁷⁴ *Id.* at 6.

¹⁷⁵ *Id.*

¹⁷⁶ Jolie Lee, *VA CHCO Resigns One Day Before IG Release Conference Spending Report*, FED. TIMES, Oct. 2, 2012.

¹⁷⁷ IG REPORT, at 16.

¹⁷⁸ *Id.*

The Dean of the VA Learning University, Alice Muellerweiss, resigned on January 8, 2013.¹⁷⁹ Muellerweiss was responsible for handling employee training, which included managing the HR conferences.¹⁸⁰ During the IG's investigation, Muellerweiss admitted that she knew nothing about her staff's activities in planning the conferences.¹⁸¹ The IG found that she demonstrated "apparent ignorance" as to decisions surrounding the conference planning.¹⁸²

In addition, John Gingrich, the Chief of Staff to Secretary Eric Shinseki, retired in March 2013.¹⁸³ He signed the initial approval for the concept of the human resources training conferences.¹⁸⁴ Later during the planning process, however, he failed to monitor conference expenditures.¹⁸⁵

In January 2013, the Department reassigned Tonya Deanes, the Deputy Assistant Secretary of Human Resources Management, to other duties. A few months later, Deanes resigned from the Department. During the conferences, Deanes delegated her own oversight duties to two of her senior employees, Thomas Barritt and Jolisa Dudley.¹⁸⁶ Deanes failed to provide adequate supervision of these employees throughout the planning process.¹⁸⁷

One of the chief conference planners, Timothy Pleso, also resigned from the Department. The OIG referred him to the Justice Department for criminal prosecution for accepting and soliciting improper gifts. The Department of Justice declined prosecution.¹⁸⁸

D. Status of the OIG Recommendations

In its report on the conferences, the Office of Inspector General made 49 recommendations to the Department. The Department agreed with those recommendations and pledged to address all of them. A year after the release of the OIG report, 26 of these recommendations remain open. Of the 18 personnel-related recommendations, 3 remain open. Twenty-three of the 31 recommendations related to conference management remain open. Most of these recommendations will remain open until the Department publishes its directive and handbook regarding conference spending.¹⁸⁹ Although the anticipated publication timeframe for the directive and handbook was the third quarter of FY 2013, they are not yet available.¹⁹⁰

¹⁷⁹ Stephen Losey, *VA Official Resigns, Another Reassigned in Response to Conference Scandal*, FED. TIMES, Jan. 8, 2013.

¹⁸⁰ IG REPORT, at 20.

¹⁸¹ *Id.*

¹⁸² *Id.*

¹⁸³ Jack Moore, *VA Chief of Staff John Gingrich to Retire*, FED. NEWS RADIO, Mar. 25, 2013.

¹⁸⁴ *Id.*; IG REPORT, at 41.

¹⁸⁵ Moore, *supra* note 184.

¹⁸⁶ IG REPORT, at 21.

¹⁸⁷ *Id.*

¹⁸⁸ Briefing by Dep't of Veterans Affairs Off. of Inspector Gen. Staff to Committee Staff (Oct. 24, 2013) [hereinafter VA OIG Oct. 24 Briefing].

¹⁸⁹ *Id.*; see also U.S. Dep't of Veterans Affairs, Office of Acquisition & Logistics (OAL), VA Directives & Handbooks, <http://www.va.gov/oal/library/dms.asp> ("VA Directives provide mandatory Department-wide policies. VA Handbooks prescribe mandatory Department-wide procedures or operational requirements implementing policies contained in directives.") (last visited Oct. 24, 2013).

¹⁹⁰ VA OIG Oct. 24 Briefing, *supra* note 189.

IX. Lack of Cooperation with Congress

FINDING:	Despite Secretary Shinseki's personal commitment to Chairman Issa, the Department has failed to cooperate with the Committee's investigation. The Department missed a series of deadlines and only began producing many of the requested documents after the Chairman issued a subpoena.
-----------------	---

Throughout the Committee's investigation into the VA conferences, the Department has been reluctant to cooperate, and at times, has flatly refused. Shortly after learning about the conferences last August, Chairman Issa spoke with Secretary Eric Shinseki. During that phone conversation, Secretary Shinseki pledged to cooperate fully with the Committee's inquiry. The Committee then sent a letter on August 13, 2012, requesting information and documents about the conferences, as well as a briefing.¹⁹¹ Despite Secretary Shinseki's pledge, the Department engaged in delay tactics for the next several months to avoid producing documents and answers to the Committee. The Department's aversion to congressional oversight suggests deep management failures that it must address.

From the outset of the Committee's investigation, the Department frequently refused to answer Committee staff's phone calls or provide any information on the status of its document production. When the Department finally engaged Congress after the Office of Inspector General released its October 1, 2012, report on the VA conferences, the Department asked the Committee to narrow its document request. At that point, the VA had not even begun the process of identifying communications responsive to the Committee's August 13 request for documents.

Although the Department started identifying relevant communications in early October 2012, it still took many months to produce any of them to the Committee. On October 11, 2012, the Department stated that the Committee would start receiving documents the next day. On the next day, however, the Department revised its position, stating that it would be at least a couple of weeks before it would be able to start producing. A few weeks later, on October 25, 2012, the Department claimed that the documents were not yet ready, but they would be soon. By November 2012, the Department began citing IT issues for its inability to produce responsive documents to the Committee.

For the next several months, Committee staff continued to contact the Department in attempts to determine the status of the document productions. By January 3, 2013, the Department insisted that it had made "substantial progress" with the document production. Yet, by January 23, 2013, the Department claimed it was weeks—not days—away from a document production.

On March 7, 2013, the Department finally provided a briefing on the conferences—which the Committee had requested on August 13, 2012—for Committee staff. During the briefing,

¹⁹¹ Letter from Darrell Issa, Chairman, H. Comm. on Oversight and Gov't Reform, to Eric Shinseki, Sec'y, Dept. of Veterans Affairs (Aug. 13, 2012).

Committee staff asked several questions that the Department officials were unable to answer. For example, the Department officials were unable to confirm whether the \$6.1 million price tag for the conferences was accurate. Department officials also shared that Secretary Eric Shinseki ordered two *external* reviews in August 2012 on conference policies and training. Yet, they did not know the price of those contracts and the names of the contractors. The results of those reviews were also unknown. When asked about the status of the document production—which the Committee had been awaiting for months—Department officials again responded with the familiar answer that the documents were “weeks away.”

After still not receiving these promised documents even weeks later, Chairman Issa sent a letter on May 30, 2013, demanding full document production. The letter also informed the Department that the Chairman was considering the use of compulsory process.¹⁹² Shortly after receiving the letter, an OCLA official contacted Committee staff stating that the documents were ready for delivery. The documents delivered, however, were only a partial production. The production contained e-mails for five of the 18 requested individuals. In other words, it took the Department nine months to produce e-mails for five employees. The Department claimed it would take several more months to produce the documents for the other e-mail custodians.

With no alternative for obtaining the documents, the Committee issued a subpoena on July 9, 2013, for the remaining 13 individuals. By the subpoena due date on July 23, 2013, the Department had produced *one* e-mail. Not until August 2013—a year after the Committee’s initial request—did the Department finally begin to produce documents on a regular basis. The Committee still has not received all the subpoenaed documents. The Department has failed miserably to live up to Secretary Shinseki’s personal commitment to Chairman Issa to cooperate with the Committee’s investigation even in the most basic way. Considering the massive backlog of veterans benefits claims that the Department has yet to process, its response to the Committee’s document request is an abysmal failure – but not surprising. The Department is either totally incompetent, or it is willfully withholding documents. Either way, it must radically change the way it operates. Meanwhile, it is the American people—in particular, those in the armed forces who have selflessly placed themselves in harm’s way to protect our Nation—who continue to suffer.

X. Conclusion

One of the Department’s core values is a commitment to veterans that should drive the VA’s actions.¹⁹³ As the planners organized the conferences, however, the Department completely lost sight of this mission. When viewed against the backdrop of the Department’s enormous backlog of veterans disability claims, the Department’s mismanagement and wasteful conference spending is even more deplorable. Tens of thousands of veterans—many with debilitating injuries—are waiting months to receive benefits. The Department offers several

¹⁹² Letter from Darrell Issa, Chairman, H. Comm. on Oversight and Gov’t Reform, to Eric Shinseki, Sec’y, Dept. of Veteran Affairs (May 30, 2013).

¹⁹³ Dep’t of Veterans Affairs, *About VA*, available at http://www.va.gov/about_va/mission.asp (last visited Oct. 25, 2013).

important initiatives that are vital to helping veterans return to the workforce, including the services offered through the Veterans Employment Services Office (VESO).¹⁹⁴ The VESO assists veterans in finding jobs and transitioning into the workforce.¹⁹⁵ The \$6.1 million spent on the conferences could have been more effectively spent on this program to provide much-needed assistance to our nation's veterans. Meanwhile, Department employees are enjoying the luxury of working at "a large agency with deep pockets." In fact, it is worth noting that Department was spared from sequestration entirely. Rather than focus its money and energy on reducing the backlog of claims or providing career assistance to veterans, the Department dumped millions of dollars into a pair of conferences held in Orlando, Florida.

After the Office of Inspector General released its report on the conferences, the Department pledged to make changes. The Committee will work to ensure that these changes are not just superficial. Simply establishing new policies and procedures for future conferences is not enough. The Department must exercise proper management and vigilant oversight. The Department must root out the culture of wasteful and entitled spending. The Department must respect both its mission to the veterans of our country, and to the taxpayers who support this mission. Its task is not easy, and results will take time. Still, it must rebuild broken trust with the public, show that it intends to make amends, and deliver on promises to improve.

¹⁹⁴ Dep't of Veterans Affairs, *VESO*, available at <http://vaforvets.va.gov/veso/Pages/default.aspx> (last visited Oct. 25, 2013).

¹⁹⁵ *Id.*